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AUTHOR Lindstrom, Duane
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ABSTRACT

The Housing and Community Development Act of 1974 represents recent congressional action designed to improve the housing and living conditions of the nation's poor. Like the 1974 act, the older Federal model cities program (1968-72) was designed to benefit low and moderate income families, provide alternative uses for available funds, and allow city governments discretion in determining how money would be spent. The Michigan Advisory Committee to the United States Commission on Civil Rights has analyzed the history, intent, structure, implementation, regulation, and results of both laws, as well as the opinions of primary participants in both programs in the State of Michigan. The Committee has found that in terms of citizen participation, low income and minority individuals have had fewer opportunities to participate in decisionmaking under the newer act than they had under model cities legislation. Secondly, communities have increased the amount of resources going to physical development and decreased the amount for public service projects. This shift in funding has not been due to changing community needs, but primarily to the dismantling of citizen participation procedures prevalent under the model cities program. Both administrative and legislative actions are necessary to correct these inequities. (Author/GC)

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CIVIL RIGHTS AND THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974
VOLUME II: A COMPARISON WITH MODEL CITIES

--A report prepared by the Michigan Advisory Committee to the U.S. Commission on Civil Rights

June 1976

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LETTER OF TRANSMITTAL

MICHIGAN ADVISORY COMMITTEE
TO THE U.S. COMMISSION ON
CIVIL RIGHTS
June 1976

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Sirs and Madam:

The Michigan Advisory Committee submits this report, the second in a continuing study of the civil rights aspects of the Housing and Community Development Act of 1974, as part of its responsibility to advise the Commission about civil rights problems within this State.

This report is interim in nature. It compares the effect of equal protection and civil rights provisions of the new community development law with those same provisions of the Demonstration Cities and Metropolitan Development Act of 1966 (model cities).

The Advisory Committee has found that in the area of citizens' participation, low-income and minority individuals have fewer opportunities to participate in decisionmaking under the new act than they had under model cities legislation. The decline in citizen participation by low-income and minority individuals is seen by the Advisory Committee as a condition that should and can be corrected by both administrative and legislative action.

Secondly, communities have increased the amount of funding going to physical development (hardware) projects under community development from what it had been during 1968-72, the years of heavy model cities activity. At the same time communities have sharply decreased the amount of funding going to public service (software) types of projects. The

Advisory Committee has determined that this shift in program funding has not been due to a change in community needs but primarily to the dismantling of the citizen participation procedures prevalent during 1968-72 under model cities. Differences in the wording of the new law and model cities, along with statements of congressional intent, have also contributed to this shift in program funding.

Based on these findings, this Advisory Committee has directed recommendations to appropriate local, State, and Federal officials. It is the Advisory Committee's hope that the Commission will support these recommendations with specific actions. The Advisory Committee is continuing its examination of the 1974 act and further reports and recommendations will be forthcoming.

Respectfully,

/s/

Jo-Ann Terry
Chairperson

ACKNOWLEDGMENTS

Volume II of Civil Rights and the Housing and Community Development Act of 1974 was written by Duane Lindstrom, research writer. The Michigan Advisory Committee's community development project, of which this report is the second of several to be issued, is under the immediate staff direction of Frank E. Steiner, equal opportunity specialist. Assistance in the research and preparation of the report was provided by Margaret V. Johnson, regional attorney; Delores Miller, administrative assistant; and Ada L. Williams and Sharon A. Rivers, support staff. The report was prepared under the supervision of Clark G. Roberts, regional director, Midwestern Regional Office.

Final production of the report was the responsibility of Audree B. Holton, supervised by Bobby Wortman, in the Commission's Publications Support Center, Office of Management.

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THE UNITED STATES COMMISSION ON CIVIL RIGHTS

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THE STATE ADVISORY COMMITTEES

An Advisory Committee to the United States Commission on Civil Rights has been established in each of the 50 States and the District of Columbia pursuant to section 105(c) of the Civil Right Act of 1957 as amended. The Advisory Committees are made up of responsible persons who serve without compensation. Their functions under their mandate from the Commission are to: advise the Commission of all relevant information concerning their respective States on matters within the jurisdiction of the Commission; advise the Commission on matters of mutual concern in the preparation of reports of the Commission to the President and the Congress; receive reports, suggestions, and recommendations from individuals, public and private organizations, and public officials upon matters pertinent to inquiries conducted by the State Advisory Committee; initiate and forward advice and recommendations to the Commission upon matters in which the Commission shall request the assistance of the State Advisory Committee; and attend, as observers, any open hearing or conference which the Commission may hold within the State.

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I. INTRODUCTION

The Housing and Community Development Act of 1974 is the most recent in a history of congressional actions begun in 1937 that affect the housing and living conditions of the nation's poor. According to the U.S. Department of Housing and Urban Development, the new law is quite different from the more than 60 Federal programs that have gone before it and "significantly alters Federal involvement in a wide range of housing and community development activities."[1]

Due to this change in Federal involvement in programs dealing with the country's poor and minority communities, the Michigan Advisory Committee to the U.S. Commission on Civil Rights has undertaken a study of the racial and economic effects of the Housing and Community Development Act and its implementation in the State of Michigan. The study focuses on the effectiveness of those provisions of the law requiring civil rights compliance, citizen participation, and priority expenditures for low- and moderate-income families.

Phase one of the Advisory Committee's study consisted of an analysis of the application and funding process and the impact of the new legislation in one suburban Detroit community. A report of the Advisory Committee's findings and recommendations, Civil Rights and the Housing and Community Development Act of 1974, Volume I: Livonia, was published in June 1975.

Phase two of the study compares the civil rights implications of the new law with the civil rights implications of one of its predecessor programs, model cities. The Advisory Committee analyzed the intent of both laws; the legislation creating both programs; rules, regulations, and court decisions affecting the implementation of both laws; the processes, programs, and benefits resulting from both laws; and the opinions of primary participants in both programs regarding their effectiveness.

On June 26 and 27, 1975, the Advisory Committee held informal hearings in Lansing, Michigan, as a part of its study. Witnesses appearing at the informal hearings included representatives of the model cities programs in each of the eight communities in Michigan that had received model cities funds, representatives of city governments,

directors of city agencies with authority over community development funds, and individuals active in citizen participation units of model cities programs.

In this comparison the Advisory Committee looked at two elements of both model cities and community development: citizen participation and program decisions, in order to determine the extent of involvement by the poor and minority community, and to determine the benefits received by the poor and minority community.

The model cities program was chosen for this comparative analysis because it was one of the several categorical programs folded into the Housing and Community Development Act, because of its similarities to the Housing and Community Development Act, and because it was one of the most recent programs established by Congress prior to the passage of the 1974 act. Like the Housing and Community Development Act, model cities was intended to benefit principally low- and moderate-income families, provide a wide range of alternative uses for available funds, and allow city governments a great deal of discretion in determing how money would be spent. These characteristics set model cities apart from other Federal community improvement programs, which limited the use of funds to a specific purpose such as water and sewers, housing rehabilitation, or historic preservation.

The two programs are also different in other respects. Each has its own history of congressional intent and purpose. Each has its own set of regulations and guidelines for implementation. And each has operated under the authority of different administrative personnel at various levels of the Department of Housing and Urban Development.

This is a report of the Advisory Committee's findings, conclusions, and recommendations regarding its comparison of the model cities and community development programs. The report is interim in nature, as the Advisory Committee is continuing its study of the new law and will publish additional findings and recommendations as other portions of the study are completed.

The entire project has been established under the Commission's legislative mandate to appraise the "laws and policies of the United States with respect to denials of equal protection of the law."[2] The Michigan Advisory

Committee sought to determine whether the Housing and Community Development Act of 1974 has maintained or increased the guarantees of equal protection promised by the Constitution or whether those guarantees have been in any way eroded or decreased by the passage and implementation of this new legislation.

NOTES TO SECTION I

[1]U.S., Department of Housing and Urban Development, Summary of the Housing and Community Development Act of 1974 (1974), p. 1.

[2]Sec. 104(a)(3) Civil Rights Act of 1957 as amended.

II. HISTORY AND PURPOSE OF THE ACTS

The Demonstration Cities and Metropolitan Development Act of 1966,[1] known as model cities, was designed to provide Federal grants and technical assistance to city demonstration agencies to plan, develop, and conduct programs to improve the physical environment, increase the supply of housing for low- and moderate-income people, and to provide educational and social services vital to health and welfare.[2]

In passing the act Congress declared that "improving the quality of urban life is the most critical domestic problem facing the United States."[3] Congress also found that the Federal Government's previous grant-in-aid programs for housing had not met the urban needs of the country and that additional financial assistance with new and broader approaches to the shortage of housing and other urban problems was necessary:

> The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.[4]

According the the U.S. Department of Housing and Urban Development, model cities gave local communities "the broadest discretion in developing proposed programs" ever experienced prior to the passage of the Housing and Community Development Act of 1974.[5]

The Housing and Community Development Act of 1974[6] is one part of an overall effort made during the early 1970s to

reform the Federal grant-in-aid system (categorical grants) and remove part of the responsibility for domestic decisionmaking from Federal authority and place it in the hands of State and local governments. This "new federalism," as it was termed, was manifest in such laws as the State and Local Fiscal Assistance Act of 1972 (general revenue sharing) and the Comprehensive Employment Training Act of 1973 (CETA).[7]

The Housing and Community Development Act eliminated categorical grant-in-aid programs for open space land grants, urban beautification and historic preservation, public facility loans, water and sewer and neighborhood facilities grants, urban renewal and neighborhood development program grants, and model cities supplemental grants. The act replaced these programs with a single "block grant" to applicants who qualify for funding. A community's "entitlement," the total amount of its grant, is based on a mathematical formula that is uniformly applied to all applicants.

The primary objective of the act is "the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income."[8] In passing the act Congress declared that "the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities."[9]

Congress also found that previous programs, both public and private, had been inadequate, resulting in "the growth and persistence of urban slums and blight and the marked deterioration of the quality of the urban environment." The nation's cities, towns, and smaller urban communities "face critical social, economic, and environmental problems arising from the growth of population in metropolitan and other urban areas, and the concentration of persons of lower income in central cities."[10]

Local communities were given increased responsibility and control over funding expenditures as described in a report of the Committee on Banking and Currency of the U.S. House of Representatives:

The committee wishes to emphasize that a principal objective of the community development program proposed in the bill is to strengthen the ability of local elected officials to determine their community's development needs, set priorities, and allocate resources to various activities. local elected officials should clearly be in charge of managing block grant funds flowing to their communities.[11]

NOTES TO SECTION II

[1]42 U.S.C. §§3301 et seq. (1970).

[2]U.S., Congress, House of Representatives, Committee on Banking and Currency, Subcommittee on Housing, Housing and Community Development Legislation--1973, 93rd Cong., 1st sess., 1973, part 3, p. 1967 (hereafter cited as HCD Legislation--1973).

[3]42 U.S.C. §3301(1970).

[4]Ibid.

[5]HCD Legislation--1973, p. 1967.

[6]42 U.S.C.A. §§5301 et seq. (1975).

[7]31 U.S.C. §§1221 et seq. (Supp. IV 1974) and 29 U.S.C. §§8801 et seq. (Supp. IV 1974).

[8]42 U.S.C.A. §5301(c) (1975).

[9]Ibid., (b).

[10]Ibid., (a)(1).

[11]U.S., Congress, House of Representatives, Committee on Banking and Currency, Compilation of the Housing and Community Development Act of 1974, 93rd Cong., 2d sess., 1974, pp. 355, 356.

III. CITIZENS' PARTICIPATION

Legislative Differences

Requirements for citizen participation are spelled out in both the model cities act and the community development act. The model cities act required "widespread citizen participation in the program."[1] The housing and community development act requires:

> ...satisfactory assurance that, prior to submission of its application, it has (A) provided citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, and other important program requirements, (B) held public hearings to obtain the views of citizens on community development and housing needs and (C) provided citizens an adequate opportunity to participate in the development of the application...but no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of its Community Development Program.[2]

The act also provides that funds may be used to support certain citizen participation activities including: "the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities."[3]

The two legislative requirements are different in that model cities law requires participation in the program. The community development act requires participation only in the application process.

Model cities does not specify in any way the type or extent of citizen participation. The community development act specifies that "adequate information" must be provided to citizens, that "public hearings" be held to get the views of citizens, and that there be "adequate opportunity to participate" in developing the application.

The model cities law does not include any language regarding citizen participation and its effect on the responsibility and authority of the applicant. The community development act specifies that the citizen's participation requirements of the law cannot be construed to restrict the applicant's responsibility or authority over the application for or execution of a community development program.[4]

Differences in HUD Interpretation and Regulations

Under both the model cities act and the community development act, the U.S. Department of Housing and Urban Development (HUD) is charged with responsibility for the issuance of regulations necessary for full implementation of the congressional intent of the law.

Regulations passed by HUD regarding citizen participation under model cities include the issuance of City Demonstration Agency (CDA) Letter No. 3 on October 30, 1967. The HUD letter stated:

> The implementation of this statutory provision requires: (1) the constructive involvement of citizens in the model neighborhood area and the city as a whole in planning and carrying out the program, and (2) the means of introducing the views of area residents in policy making should be developed and opportunities should be afforded area residents to participate actively in planning and carrying out the demonstration.
>
> This requirement grows out of the conviction that improving the quality of life of the residents of the model neighborhood can be accomplished only by the affirmative action of the people

themselves. This requires a means of building self-esteem, competence and a desire to participate effectively in solving the social and physical problems of their community.

HUD will not determine the ideal organizational pattern designed to accomplish this objective. It will, however, outline performance standards for citizen participation which must be achieved by each City Demonstration Agency. It is expected that patterns will vary from city to city, reflecting local circumstances. The city government, as the principal instrument for carrying out the Model Cities program, will be responsible for insuring that whatever organization is adopted provides the means for the model neighborhood's citizens to participate and be fully involved in policy-making, planning and the execution of all program elements. For a plan to be approved, it must provide for such an organization and spell out precisely how the participation and involvement of the residents is to be carried out throughout the life of the Model Cities program.

HUD went on in the same letter to outline performance standards for citizen participation in model neighborhood programs:

In order to provide the citizen participation called for in the Act, there must be some form of organizational structure, existing or newly established, which embodies neighborhood residents in the process of policy and program planning and program implementation and operation. The leadership of that structure must consist of persons whom neighborhood residents accept as representing their interests.

> The neighborhood citizen participation structure must have clear and direct access to the decision making process of the City Demonstration Agency so that neighborhood views can influence policy, planning and program decisions. That structure must have sufficient information about any matter to be decided for a sufficient period of time so that it can initiate proposals and react knowledgeably to proposals from others. In order to initiate and react intelligently in program matters, the structure must have the technical capacity for making knowledgeable decisions. This will mean that some form of professional technical assistance, in a manner agreed to by neighborhood residents shall be provided.
>
> Where financial problems are a barrier to effective participation, financial assistance (e.g., baby sitting fees, reimbursement for transportation, compensation for serving on Boards or Committees) should be extended to neighborhood residents to assure their opportunity to participate.
>
> Neighborhood residents will be employed in planning activities and in the execution of the program, with a view toward development of new career lines, including appropriate training and modification of local civil service regulations for entry and promotion.

HUD's Technical Assistance Bulletin No. 3, titled "Citizen Participation in Model Cities," stressed the importance of a partnership between citizens and the city council:

> Although these citizen participation arrangements cannot abrogate the contractual responsibility of the city to HUD, they represent a vital part of

the mechanisms by which the city shares power with the citizen structure. Such mechanisms for sharing of power and responsibility are essential to citizen participation and to the ultimate success of the Model Cities program.

The most fundamental lesson illustrated by the experiences of the first generation of model cities is that the concept of partnership cannot be implemented without considerable effort and expense. Citizens' distrust of public officials can neither be argued nor rationalized away. Public agencies' procedures, styles, and skills cannot be changed solely by admonition or the carrot of new Federal programs. Years of partnership may be necessary to compensate for generations of distrust.

In many ventures, some partners are more equal than others. City government is clearly the dominant partner in the Model Cities Program. Yet it is precisely because city government has the ultimate power of final decision in the Model Cities Program that the concept of partnership carries the risk that it can be reduced to rhetoric, thus defeating the objectives of citizen participation.[5]

In its 1970 handbook, "Workable Program for Community Improvement," HUD stated that it is a "guiding principle of departmental policy to insure that citizens have the opportunity to participate in policies and programs which affect their welfare." In the same handbook HUD recognized the need for citizens to be involved as full participants in decisionmaking rather than the more traditional, but ineffective, advisory role:

New forms of collaborative relationships between citizens and government, new means for participation in the decisionmaking process, need to

> be developed...traditional acts of participation--voting, attendance at meetings, letters to Congressmen--are frequently ineffective in dealing with the immediate problems raised by increasingly large and complex programs having direct impact on peoples' lives.[6]

Regulations passed by HUD regarding citizen participation in the housing and community development program repeat the same language as Congress used in the act (as noted above). In addition, HUD included a section on citizen participation in the performance standards subpart of the regulations that requires the Secretary of HUD to determine if:

> (1) A local citizen participation plan has been developed and made public. The recipient shall specify in the plan how it intends to meet the citizen participation requirements of this Part, inclusive of a timetable specifying: (i) When and how information will be disseminated concerning the amount of funds available for projects that may be undertaken, along with other important program requirements; (ii) when in the initial stage of the planning process public hearings will be held; (iii) when and how citizens will have an opportunity to participate in the development of the application prior to submission; (iv) when and how any technical assistance the recipient may choose to provide, will be made available to assist citizen participants to understand program requirements such as Davis-Bacon, environmental policies, equal opportunity requirements, relocation provisions and like requirements, in the preapplication process; and (v) the nature and timing of citizen participation in the development of any future community development program

amendments, including reallocation of funds and designation of new activities or locations.

(2) A local process has been developed which permits citizens likely to be affected by community development and housing activities, including low and moderate income persons, to articulate needs, express preferences about proposed activities, assist in the selection of priorities, and otherwise participate in the development of the application, and have individual and other complaints answered in a timely and responsive manner. (Applicants may wish to provide bilingual opportunities for citizen participation, if feasible, where significant numbers of non-English speaking persons are likely to be affected by community development program activities.)[7]

No additional guidelines on citizens' participation have been provided by HUD, even though the department received a number of requests for additional guidelines during the period of public comment on the regulations. According to HUD, these requests were rejected "since the proposed requirements would have imposed upon HUD the responsibility for specifying the manner in which local government related to its citizens. This role was not considered appropriate for HUD."[8]

The regulatory requirements of the two laws are different in that:

(1) Model cities required an organizational structure of neighborhood residents. Community development has no such requirement.

(2) Model cities required that neighborhood residents be involved in (a) program planning, (b) policymaking, (c) implementation of programs, and (d) ongoing operation of programs. Community development requires an opportunity for citizens to participate only in the development of an application for funds prior to its submission and in any amendments which might be made to that application.

(3) Model cities required that the neighborhood residents who made up the organizational structure must be persons whom neighborhood residents accepted as representing their interest. The community development regulations include no such requirement.

(4) Model cities required that where financial problems were a barrier to effective participation of neighborhood residents, financial assistance should be made available. Community development regulations include no such requirement.

(5) Model cities regulations include a statement of philosophy that improving the quality of life for low-income residents can only be accomplished by the affirmative action of those residents themselves. Community development regulations include no such statement of philosophy.

(6) Model cities regulations included a statement that cities must share power with citizens and that this sharing of power and responsibility was essential to citizens' participation and the ultimate success of the program. Community development includes no such statement.

(7) Workable program guidelines that covered model cities programs noted that attendance at meetings, voting, and letters to Congress were quite often ineffective means of citizens' participation and required new alternatives for participation in the decisionmaking process. Community development regulations require such meetings as a principal source of citizens' participation.

Legal Interpretations and Judicial Findings

Court decisions also contributed to implementation of citizens' participation under model cities legislation. The primary area of legal debate centered around the degree of authority and control vested in citizens by the Congress.

The United States Court of Appeals for the Third Circuit found that the requirement of "widespread citizen participation in the program" and the emphasis on "local initiative in the planning..." formed a "central and novel feature of the Demonstration Cities Act...."[9]

Describing the congressional intent of the law, the court's opinion stated:

> Perhaps the best expression of Congress' intent in passing the act was employed by plaintiffs' counsel in oral argument in the court: viz., "Power to the powerless," that is to say, it was the intention of Congress to cause the poverty-stricken citizens of our larger cities to improve their lot by their own efforts.[10]

The extent of authority granted to citizens has been defined by one U.S. district court as something less than "absolute control" or an "equality of power" with the local governmental agency.[11] However, another district court determined that citizens do have a definite authority under the law and "must participate in the implementation of this chapter [of the model cities act] and in the determination of new policies or changes in existing basic strategy of the program."[12] In another district court case the court determined that citizens are to be involved "in all phases of the program" and "no plan will be formulated and no action thereunder commenced except as there is widespread citizen participation."[13]

The U.S. appeals court, the highest court body to rule on the authority of the citizens' participation component of model cities, concluded that "a direct operational function [for citizens]...is required by CDA Letter No. 3." The court's decision goes on to point out that it was contrary to the law and to HUD regulations to allow citizens' participation "to be reduced to an advisory capacity."[14]

Legal interpretations of citizen participation under the Housing and Community Development Act have not yet been made. Although cases have been filed regarding the new act, the courts have not yet entered rulings on the issues involved.

Differences in Implementation

The Michigan Advisory Committee reviewed the citizen participation activities of all eight model cities in Michigan and compared those activities with the citizen participation process used by the cities under the Housing and Community Development Act. Although citizens' participation varied from city to city under both pieces of

legislation, some basic similarities and comparisons can be made.

Under model cities most communities established an ongoing citizens' participation component, often called a policy board, that was officially recognized as the agent for citizens' input and participation. This board was usually incorporated, and its membership was elected by model cities neighborhood residents.

The boards received regular budget allotments for their ongoing operations, and in most cases they hired full-time staff to assist in carrying out their responsibilities. Board members were paid stipends for loss of wages and other costs incurred due to attendance at meetings.

Model cities policy boards normally had authority to participate in planning, monitoring, and implementing neighborhood programs and, in many cases, operated in some form of partnership with the city and the model cities agency, often having a veto power over the choice of programs and the letting of contracts. Usually this veto power could also be asserted by the model cities agency as well, and the city government remained the final authority in the decisionmaking process. City councils often chose to let the model cities agency and the citizens' policy board carry out needs assessments, set program goals, and choose programs and sponsors. The city would then authorize those programs and contracts on which the citizens' policy board and city agency had reached agreement.

Exceptions to these normal operations are explained in detail in the analysis of each city that follows.

During the first year of the Housing and Community Development Act, citizens' participation consisted primarily of two or more public meetings called by the city with voluntary attendance by residents of the community. In addition, several cities distributed questionnaires requesting opinions on the city's housing and community development needs.

Many cities also designated a citizens' participation unit to assist the city government in its future decisionmaking regarding the community development act. In nearly every case, members of these bodies were appointed either by the mayor or the city council. Few of these units

were given budgetary funds, staff, or authority to participate in monitoring or implementation of community development programs. Most were advisory in nature and had no veto power or "partnership" status with either the city council or the community development agency.

ANN ARBOR

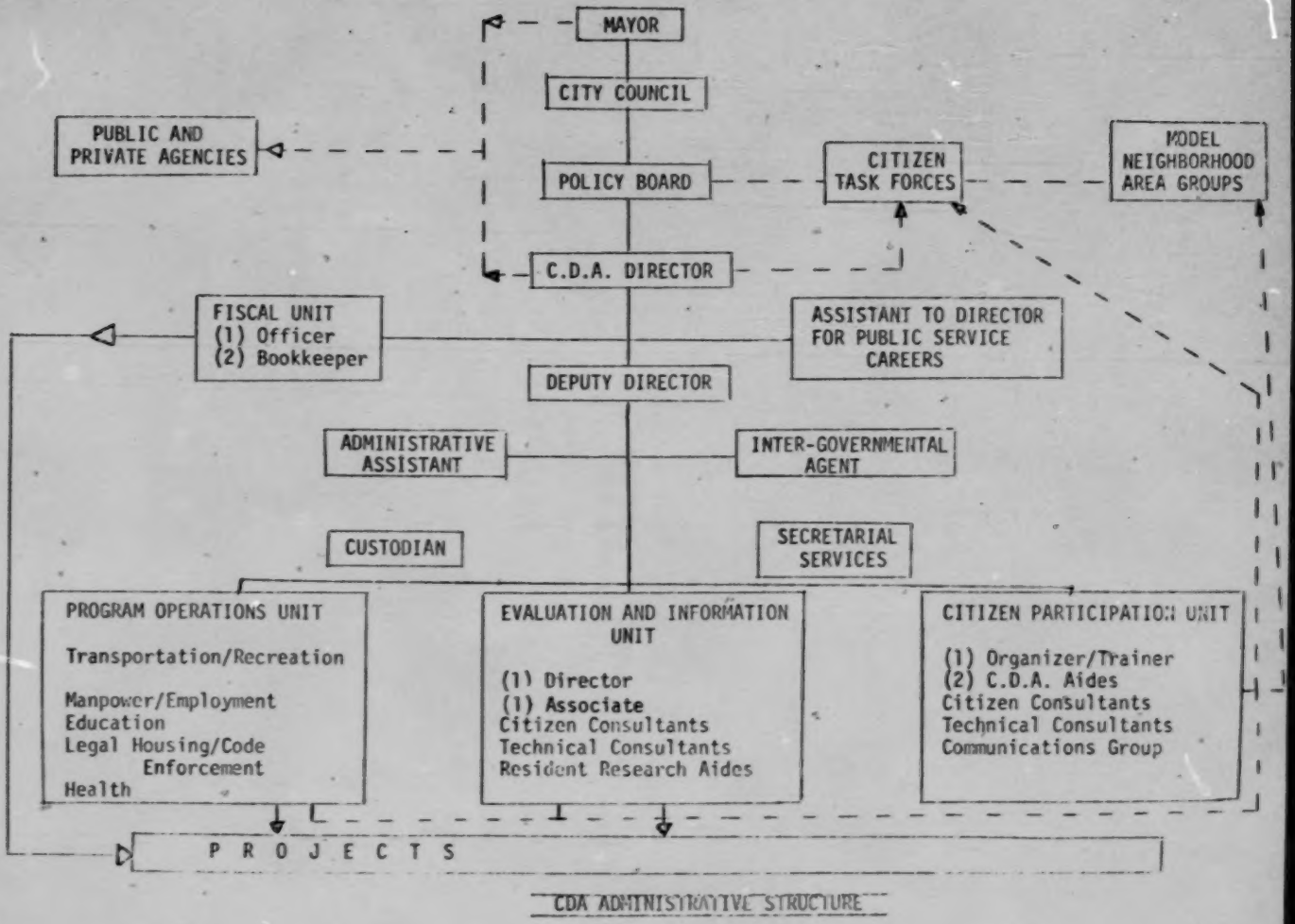
The citizens' participation component of the Ann Arbor model cities program was the Model Cities Policy Board. The board consisted of 23 voting members who were elected by residents of the model cities neighborhood. Candidates for election were not required to live in the model neighborhood.[15]

The authority of the policy board was reflected in the organizational chart of the city demonstration agency (see figure 1). Like other traditional administrative formats in Ann Arbor, such as the planning department and the housing commission, the director of the city demonstration agency answered to the policy board and the policy board, in turn, was responsible to the city council.[16]

The policy board also had substructures, including program task forces, "responsible for continuous planning and evaluation of the various projects in the model city area," model neighborhood area groups organized to feed information to the task forces, and citizen participation staff members responsible for coordinating citizen input into the task force and policy board decisionmaking.[17]

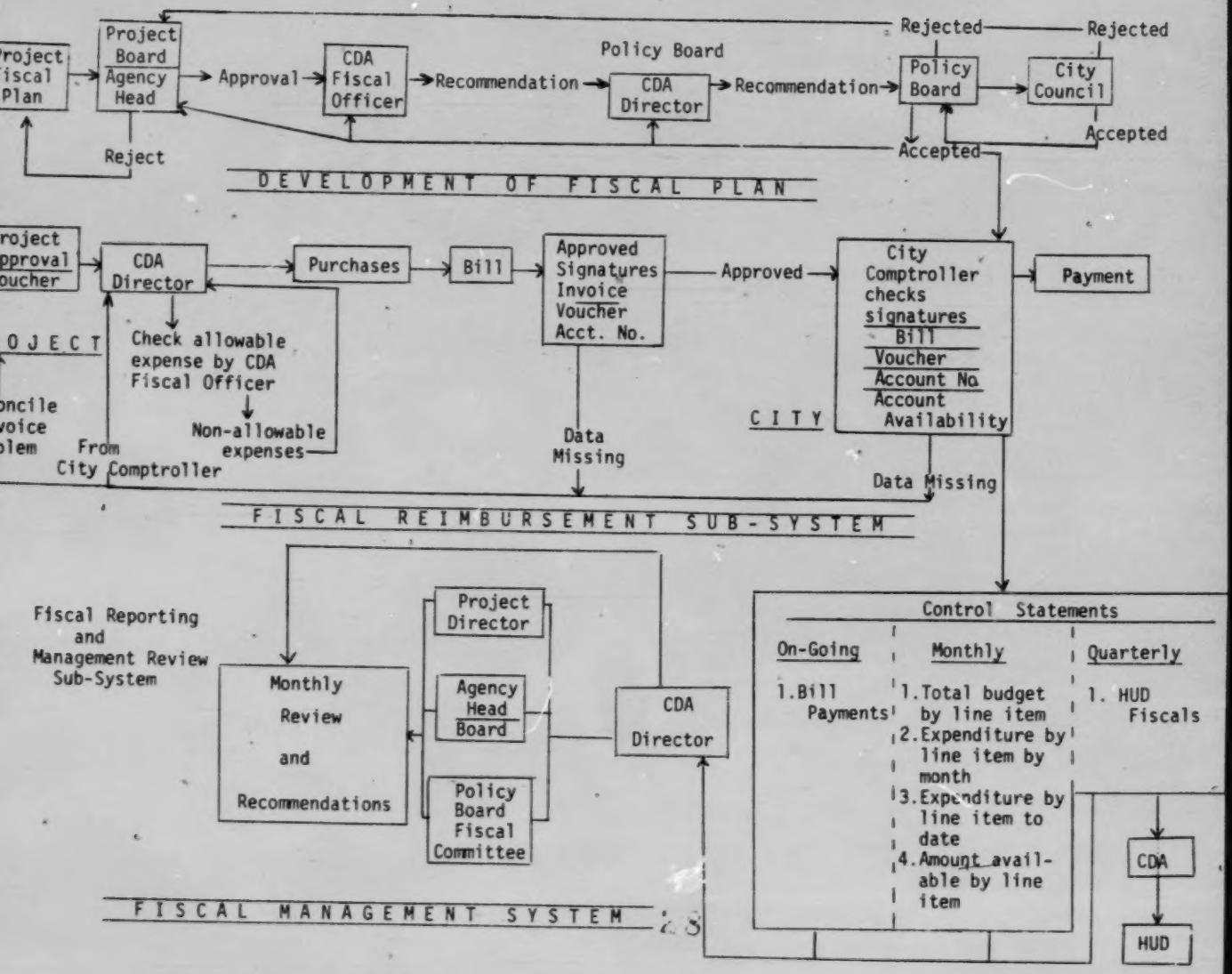
According to the "Second Year Action Plan" for the Ann Arbor model cities program, the purpose of the entire citizen participation structure was to "insure that sufficient information and control was provided so that they [citizens] may be in a position to make decisions affecting their life within the city of Ann Arbor."[18] Figure 2 indicated that the policy board held a decisionmaking role in the development of fiscal plans and programs. In addition, a similar system was used in the letting of individual contracts for projects. A citizen task force reviewed each contract and made a recommendation to the policy board. The policy board then reviewed the recommendation and referred its decision on to the mayor and city council.[19]

FIGURE 1



CDA ADMINISTRATIVE STRUCTURE

FIGURE 2


Project Fiscal Plan
Project Board Agency Head
Approval
CDA Fiscal Officer
Recommendation
Policy Board
CDA Director
Recommendation
Policy Board
City Council
Rejected
Rejected
Accepted
Accepted
Reject
DEVELOPMENT OF FISCAL PLAN
Project Approval Voucher
CDA Director
Purchases
Bill
Approved Signatures Invoice Voucher Acct. No.
Approved
City Comptroller checks signatures Bill Voucher Account No Account Availability
Payment
OJECT
oncile voice blem
Check allowable expense by CDA Fiscal Officer
Non-allowable expenses
From City Comptroller
Data Missing
CITY
Data Missing
FISCAL REIMBURSEMENT SUB-SYSTEM
Fiscal Reporting and Management Review Sub-System
Monthly Review and Recommendations
Project Director
Agency Head Board
Policy Board Fiscal Committee
CDA Director
Control Statements
On-Going
1.Bill Payments
Monthly
1.Total budget by line item
2.Expenditure by line item by month
3.Expenditure by line item to date
4.Amount available by line item
Quarterly
1. HUD Fiscals
CDA
HUD
FISCAL MANAGEMENT SYSTEM

"The Model Neighborhood Policy Board is the major decisionmaking body," for model cities, according to the city's 1972-73 application. "The board makes the final recommendations to the mayor and the city council on all projects, proposals, contracts, and such which affect the social and physical development of the model neighborhood area."[20]

According to the mayor of Ann Arbor and members of the policy board, the decisionmaking authority of the board went through two distinct phases. The first, lasting until approximately 1973, consisted of a double veto system under which the city government could not use model cities money without the approval of the policy board and the policy board, in turn, could not use funds without the city government's approval.

Phase two, which followed, removed the double veto and clarified the position of the city council as the final authority in all matters regarding the expenditures of city funds. According to one policy board member, this change reduced the effectiveness of the board, and during the following 2 years the city council increased its participation in model cities decisionmaking, oftentimes overruling policy board recommendations. (pp. 53, 134)[21]

The policy board held regular meetings and paid its members stipends to defray any expenses incurred for their attendance.[22] Approximately 65 percent of the board members were minority and an estimated 40 percent represented low-income families. (p. 61) The citizens' participation unit of the city demonstration agency included an organizer-trainer, two community organization aides, two communication aides, and selected citizen and technical consultants. Approximately $45,000 was budgeted for the activities of these staff persons during 1972-73.[23]

The citizen participation component of the Ann Arbor housing and community development program consisted of public meetings held on three separate evenings, a letter from the mayor of Ann Arbor "calling upon each citizen to send a letter or other written communication setting forth...suggestions of community needs," and the formation of two committees to "recommend to the mayor and council a planning and decisionmaking process and the steps to be followed."[24]

In its report "Citizen Participation for Community Development Revenue Sharing Funds," the city reported that 300 citizens attended the city's meetings regarding the grant and 56 individuals expressed their opinions regarding the funds. The results of the mayor's letter-writing invitation are not included in the report.

In addition, the report describes the two committees formed to procure citizen participation. Committee I consisted of 16 members, all chairpersons of various boards and commissions operating in the city, and all appointed by the mayor with city council approval. This committee met seven times and disbanded, passing along a series of recommendations to committee II. Committee II consisted of 31 members, including 6 from committee I and 25 selected from attendees of the city-sponsored public meetings. All members were appointed by the mayor.[25]

The committee has no ongoing budget or full-time staff. Participants are not granted stipends for loss of wages or other expenses incurred because of attendance at meetings. The purpose and authority of the committee, according to the city's report, was to make recommendations to the city council regarding the development of the application for funds.[26] The committee has no authority over the director of community development activities. Approximately 70 percent of the committee members are white, and an estimated 15 to 20 percent represent low-income families. (pp. 61, 62)

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions concerning the changes in citizen participation between model cities and community development. Mayor Albert H. Wheeler, elected to office after the first year's citizen participation and application process had been completed, expressed opposition to the reduction of citizens' participation under community development.

> I have a very strong feeling that citizens ought to control the use of their monies, whether it comes from local government or whether it comes from the Federal Government. I think there has to be something more than advice that one expects from citizens...and you also have to make it easier for some of the lower income

people to participate. (pp. 102, 103) It just seems to me that maybe there ought to be a sharing of power, as we originally started [under model cities], a kind of double veto power that did give us more than just writing some recommendations and having them voted up or down. (p. 117) I guess I can sum it up by saying let's get the farce out of citizen participation, and let's make it real and meaningful. (p. 104)

Ezra Rowry, who served as chairperson of the model cities policy board and later served on committee I for the community development program, indicated that two basic philosophies regarding citizen participation had been used in the city. The first, which operated in the early years of model cities, was that "citizens must be involved and must have an influential say so." The second philosophy, which existed during the termination of model cities and the first year of community development, was that "a citizen could or should be consulted, but his participation is not paramount in having or running a program." (p. 131)

Mr. Rowry went on to say that during the first years of model cities the program was "truly controlled by the model neighborhood residents." (p. 133) During this time there was "a constructive relationship, a positive relationship between the model cities board and the political officials of the city." This situation has now changed, however, according to Mr. Rowry. (p. 142) Under the Housing and Community Development Act, "we don't have the citizens' participation we had under model cities." (p. 158)

The effectiveness of citizens' participation, as measured by the acceptance of citizens' recommendations by the city council, indicates that in Ann Arbor citizen participation under the early model cities program was more effective than under the first-year application process for the Housing and Community Development Act. According to city officials and members of the policy board, the city council, prior to 1972, passed nearly every resolution submitted to it by the policy board.[27] (p. 52)

Under community development, however, the city council altered the recommendations of the citizens' committee II as

they saw fit. The city council reduced the citizens' recommended budget for an ecology center by more than 60 percent, reduced the contingency fund by more than 50 percent, reduced the budget for an animal neutering clinic by more than 15 percent, and completely eliminated a $128,000 program for youth employment and job training. The council at the same time added programs of their own choosing, including a quarter of a million dollar project to resurface and improve streets and curbs.[28]

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens have been entirely excluded from participation in these areas under community development.

Dr. Theodore Beals, a member of the model cities policy board and, according to city reports, a regular citizen observer at committee meetings on housing and community development, told the Michigan Advisory Committee, "The role of minorities and the poor has been diminished to essentially meaningless tokenism under the Housing and Community Development Act. The community development block grant procedures are a giant step backward."[29]

BENTON HARBOR-BENTON TOWNSHIP

The city of Benton Harbor and the Township of Benton operated a model cities demonstration project under a joint governing arrangement whereby both governmental units were equally represented on a model cities council, and both governmental units retained final voting approval over model cities programs and projects. (pp. 165, 179)

The citizens' participation component of the Benton Harbor-Benton Township program was the Citizens Steering Council, Inc., which was comprised of 19 members, 12 elected from the model neighborhood and 7 appointed by the 12 elected members.[30] The council had an annual budget ranging from $88,000 to $116,000. (p. 210) It maintained a full-time staff of seven, including a director, community consultants, and support staff.[31] The council was also able to hire independent consultants to advise members on technical issues and was able to use funds to train employees and council members regarding legal and technical aspects of the model cities program. The council held regular meetings and paid participants for loss of wages and

certain other costs incurred for attendance at the meetings.[32]

The authority and responsibility of the citizens steering council was to:

(1) define problems and formulate program objectives and priorities for the model cities program;

(2) determine the overall planning objectives and priorities;

(3) coordinate its efforts with the city and township to define strategies used to determine and solve the problem areas defined by the council;

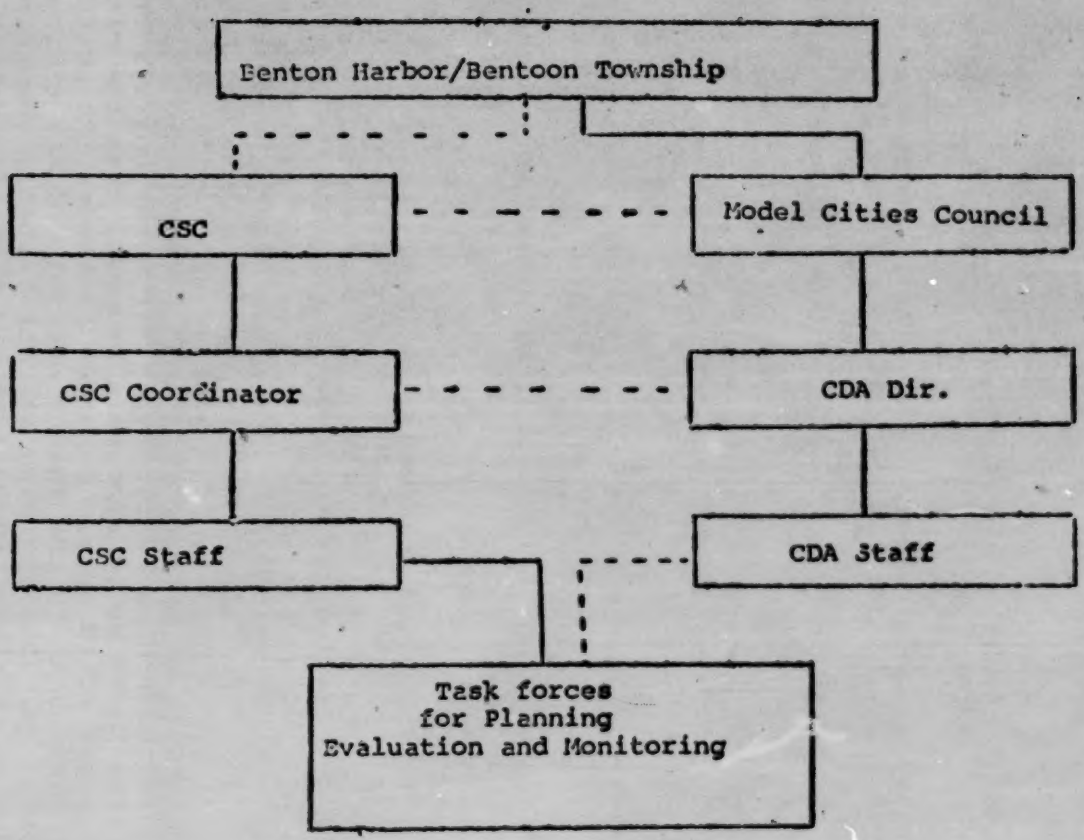
(4) have overall responsibility to determine strategies within the specific program areas; and

(5) carry out project monitoring and evaluation activities and develop the standards for evaluating performance and program impact.[33]

Determinations reached by the citizens steering council were submitted to the model cities council, the joint governing board of the entire program, which in turn took the recommendations to their respective city and township governing bodies for final approval. The citizens council did not have a veto power over programs and projects but, according to the director of the model cities program, "any proposal or project to be augmented was first referred to the citizens for a recommendation" before it was taken to the joint governing board. (p. 179) Occasionally, the joint governing board would approve a proposal that the citizens had not yet acted upon. In these instances the action was taken contingent on the future approval of the citizens council. (p. 235) The city and the township governing units could also initiate programs at their own discretion without the consent of the citizens council or model cities staff. Such actions occurred only on "rare occasion," according to the model cities director.[34] The administrative structure of the model cities program is shown in figure 3.

Under the Housing and Community Development Act, Benton Harbor and Benton Township have received separate funding and the joint governing arrangement used under model cities has been terminated. Each governing unit now has its own

FIGURE. 3



odel Cities Administrative Structure

separate citizens' participation component. The city of Benton Harbor created the Community Development Citizens Advisory Board as the citizens' participation component under the Housing and Community Development Act. The board consists of 19 members, each appointed by the mayor and city commission. This board held a series of meetings and submitted a community development plan to the city commission. The board's plan was altered to conform with the desires of the city commission, and the plan was then discussed at a city commission meeting that was open to the public." (p. 236)

The board's authority includes:

(1) the use of experience, knowledge, and skills of its members, who represent a broad cross-section of the community, to help identify and confirm needs, receive proposed plans, set priorities for areas of activities, set goals, and participate in the implementation, evaluation, modification, and dissemination of these plans;

(2) to advise the city commission on its Housing and Community Development Act plan and to make recommendations for the implementation of such plans;

(3) to participate in the selections of staff for human services projects and the monitoring of such projects;

(4) to keep the general public informed about such plans and the progress thereunder; and

(5) to serve as a medium for cooperation between public and private sectors in the support of the city of Benton Harbor's community development goals and objectives.[35]

The city has set aside $20,000 to support the operations of the board, principally to pay participants for loss of wages and other costs incurred for attending meetings. No funds are available for independent staff or consultants. (p. 207)

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the differences in citizen participation under model cities and the community development act. Arnold Smith, chairperson of both the model cities citizens steering council and the citizens board for the community development act, said, "I

think that the citizens under model cities had more power to make decisions and have those decisions really heard and stuck to than we seem to have now under community development." (p. 235)

"I think we [citizens and the city] had a pretty good relationship under Model Cities," Mr. Smith went on. "We did have some confrontations and we knocked some heads, but I think we came out of it with better cooperation." (pp. 239, 240) Under the Housing and Community Development Act, however, Mr. Smith reported that citizens "want some process or some way to make sure that the city commission listens to us. We have not found that way yet." (pp. 257, 258)

The effectiveness of citizens' participation, as measured by the acceptance of citizens' recommendations by the city commission, indicates that citizens' participation was about as effective under the first-year application procedures for the Housing and Community Development Act as it had been under model cities.

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens were excluded from participation in these areas under community development.

Like the city of Benton Harbor, the Township of Benton also set up a 19-member citizens' participation component called the Citizens District Advisory Council for its housing and community development program. (p. 191) All members of the council are appointed by the township supervisor and the board of trustees.[36] This council held a series of meetings at which long-range and short-range needs of the township were discussed and recommendations made to the township for inclusion in the community development application. In addition, the council assisted in the construction of an ongoing monitoring system for the community development program and assisted the township in hiring staff for the activities to be carried out under the act.

The council has no independent staff or consultants, no budget, and does not provide stipends to defray the costs of participating in meetings.[37]

Silas Legg, a member of both the model cities citizens steering council and the community development district advisory council, observed a shift in the quality of citizens' participation with the inception of the community development program.

"Now, in my estimation, I don't see real citizens' participation," Mr. Legg told the Advisory Committee. "I see tokenism. And the reason I say tokenism is because when we receive or have to make any changes in the plan, by the time they get to us they are already made. All we have to do is agree to them." (p. 245)

DETROIT

The citizens' participation component for the Detroit model cities program was the Citizens Governing Board. The board was composed of 140 members, of which 108 were elected from 12 subdivisions of the model neighborhood and 32 were appointed by the mayor from various organizations within the model neighborhood.[38]

The governing board had an annual budget of approximately $640,000. The board maintained a full-time staff of 23 professionals along with additional clerical staff. The board hired its own consultants for legal, auditing, and planning assistance. Technical assistance to the board was also available from the Detroit model neighborhood department.[39] The board held regular meetings and defrayed the cost of attending meetings through payment of stipends to members.

The citizens governing board had the authority and responsibility to review the comprehensive development plan and final citizen review for proposed governmental actions submitted to it by the city for consideration and recommendation. Subcommittees of the governing board were responsible for program planning, monitoring, and evaluation. They participated in developing the scope of services and budgets for contracts, selection of contractors, and evaluation of the ongoing contract operations.[40]

The governing board had signoff authority over virtually every facet of the model cities operation, and according to a model cities spokesperson, "nothing happened

without the signoff of the citizens governing board." (p. 526)

The governing board and the community development agency had dual veto power, and the city council (Common Council of Detroit) would not pass on any contract or program of model cities unless both the CDA and the governing board had previously agreed to it. (p. 527)

Each year the governing board set the priorities for the model cities program, set allocations for general component areas of the program, determined the specific projects it wished to undertake, set the level of funding for each project, and determined the project operator. The citizens' decisions were established and adhered to. (pp. 526-29)

The city council had ultimate responsibility for the model cities program but entrusted the decisionmaking to the citizens' participation component. In addition, the governing board was responsible for maintaining communication with the model neighborhood residents. Subarea and subdivision meetings for all residents of the community were regularly conducted during which community needs, desires, and problems were discussed.[41]

The citizens' participation component of the Detroit community development program consisted of five public information meetings that were held throughout the city by the city planning department and one public meeting held by the city council.[42] In addition, employees of the planning department, the model cities department, and the community and economic development department were available to anyone seeking an appointment to discuss their opinions concerning the new housing and community development program.

From these formal and informal sessions the city planning department prepared the housing and community development application, and the city council reviewed it "line by line" and made whatever input and changes it desired. (p. 541)

All priorities included in the application, the component areas of the program, the budget allocations, and the projects and levels of funding were determined, in their final form, by the planning department and the city council.

Detroit city officials did not authorize an ongoing citizens' participation component or organization and provided no funds for staff, stipends, consultants, or organizational functions. The city has indicated that such an ongoing citizens' participation unit has been considered but at the present time it remains "under development." (p. 560)

The effectiveness of citizens' participation, as measured by the acceptance of citizens' recommendations by the city council, indicates that in Detroit citizens' participation under model cities was more effective than under the first-year application procedures for the Housing and Community Development Act.

Under model cities the priorities set by the citizens' participation process were adhered to without exception. Under the Housing and Community Development Act, citizens did not present recommendations or priorities to the city council but instead voiced their individual opinions at meetings.

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens have been excluded from participation in these areas under community development.

In testimony at the Advisory Committee's hearing, witnesses expressed their opinions regarding the quality of citizens' participation under the two programs. David Nelson, assistant administrator for social planning and development with the Detroit model cities program and currently on the city's staff for the housing and community development program, told the Advisory Committee:

> I think it is fair to say that citizens' participation developed under model cities and that nothing happened without the signoff of the citizens' participation organization. Citizens' priorities were established and were adhered to. City council took the position that they would not approve a contract for any expenditure of model cities funds unless there was concurrence from the city demonstration

agency and the citizens' participation organization. (pp. 526, 527)

Under the Housing and Community Development Act, according to Mr. Nelson, the participation of citizens remained "just as high and as meaningful." However, he indicated that "the process of their involvement may have changed somewhat." (p. 517) Regarding the effectiveness of citizens' participation, Mr. Nelson told the Advisory Committee, "As you know, the guidelines on this program are minimal at best; the legislation called for adequate citizens' participation and that is something that has been defined differently in different places...." (p. 542)

Earl Adamaszek, who served as chairman of the citizens governing board, told the Advisory Committee that citizen participation procedures under the Housing and Community Development Act were not as effective as those used under model cities:

> I would say that merely holding public meetings is just a showplace. It is totally ineffective. (p. 595) Citizens' participation is tokenism. (p. 580) I think you need a regulation to push the city into some sort of independent, geographically represented citizens' participation structure. Without that, you are just fooling around with it. (p. 594)

FLINT-GENESEE COUNTY

The model cities program operated by Genesee County was multijurisdictional, covering portions of the city of Flint and other townships as well. The city of Flint itself did not operate a model cities program. However, when the Housing and Community Development Act became effective, the city of Flint was designated to receive the model cities hold-harmless funds because 80 percent of the model cities' funds had been spent in that city. Therefore, the Michigan Advisory Committee has analyzed the citizens' participation structure under the county's model cities program and the citizens' participation structure under the city of Flint's community development program.

The citizens' participation component of the Genesee County model cities program was the Model Cities Citizens Participation Organization. The organization was governed by a joint council consisting of 75 members elected from the three model neighborhood districts in the program.

The organization had an annual budget of approximately $371,000, which included funds for the operation of a citizen participation training program.[43] The organization had its own staff of 13 who assisted in the day-to-day implementation of the unit's responsibilities. The organization held regular meetings and members received compensation for attendance to defray certain costs such as loss of wages.[44]

The authority and responsibilities of the citizens organization included:

(1) determination of priority needs and problems;

(2) determination of program priorities and selection of specific programs;

(3) selection of the operating agencies to receive funding; and

(4) approval power over all contracts and contract amendments. If approval was not granted by the organization, the contract would not be passed along for final approval.[45]

In addition, the citizens organization conducted evaluation of ongoing programs and maintained an organizational effort to involve additional citizens from the model neighborhood in the decisionmaking process. (p. 320)

According to the fourth-year application from Genesee County, "The role of the citizens participation organization is that of the decisionmaker."[46]

The citizens' participation component of Flint's application for community development funds consisted of public meetings held by the city council (p. 268) and the establishment of a city-wide advisory council. The advisory council has 25 members, 9 appointed by members of the city council and 16 appointed by the four active citizen district

councils in neighborhood development program areas of the city.[47]

The advisory council has no budget, no full-time staff, no funds for the employment of independent consultants, and pays no compensation for attendance at meetings to defray costs or loss of wages.

The authority and responsibility of the advisory council is to "participate with the administration in determining the priorities which were to be met through the Community Development Block Grant fund expenditure."[48] The council held a series of meetings and made a set of recommendations to the city council regarding the use of funds. The participation of citizens in program implementation, monitoring, evaluation, and policymaking was not called for by the city council. (p. 274)

The effectiveness of citizens' participation, as measured by the acceptance of citizens' recommendations, indicates that in Flint-Genesee County, citizens' participation under model cities was more effective than under the first-year application procedures for the Housing and Community Development Act.

Under model cities all program priorities had to be passed by the citizens before they could be implemented. Under the Housing and Community Development Act, the Flint City Council altered the written recommendations of the citizens adivsory council.[49]

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens were excluded from participation in these areas under community development.

Commenting on the effectiveness of citizens' participation, Flint City Manager Daniel Boggan, Jr., said, "When compared to the usual focus of model cities programs, the community development block grant procedure does not provide the same degree of guarantees for minority participation in the utilization of those funds."[50]

Gloria Grant, representing the Genesee County Model Cities Agency, told the Advisory Committee, "I don't think you could beat the citizen participation mechanism that was

used in Genesee County" for the model cities program. (p. 283) This participation included "planning, monitoring, and evaluation of projects" as well as "policymaking." (p. 274)

Under the community development program, however, Ms. Grant told the Advisory Committee:

> It would appear that locally the "co-optation" theory of citizens' participation is being utilized. Responsible citizens' participation has not been greeted with enthusiasm in the city. The citizens' participation regulation under community development appears to be meaningful only at the option of local government. (p. 274)

James Wheeler, a member of the model cities citizens participation organization and chairman of its manpower and economic development planning group, told the Advisory Committee, "I think what model cities has proved, if anything, is that it can be done. Citizens can work with local units of government getting things done, if local units of government are put in a position where they must listen." (p. 352)

Mr. Wheeler went on to tell the Advisory Committee:

> Model cities put cities in a position where they had to listen to the citizens, and when they listened, things didn't work out too bad. It worked out pretty good. It gave citizens an opportunity to learn responsibility and accountability. It also created a lot of pride. I know, because I have been involved in the program for 5 years now. (p. 353)

Manuel Jones, who served as chairman of the model cities citizens participation organization, told the Advisory Committee that under community development citizens' participation "has been somewhat different and very disturbing." Mr. Jones went on, "We felt that this was a poor example of what citizens' participation should be in our community having the experience that we have had with model cities." (pp. 321, 323)

GRAND RAPIDS

The citizens' participation component of the Grand Rapids model cities program was the Model Neighborhood Citizens Committee. The committee was composed of 45 members, all elected from the model neighborhood areas. The majority of the members were minorities and more than 50 percent of the members represented low-income families. (pp. 814, 815) The committee had an annual budget of approximately $406,000 and a full-time staff of up to 27 professional and clerical positions.[51] The committee hired its own independent consultants on certain matters, held regularly scheduled meetings, and paid its members for loss of wages and other expenses due to attendance at the meetings.[52]

The responsibilities of the committee included "neighborhood citizen involvement, community organization, assistance in project evaluation, determination of program needs, and project planning."[53]

The authority of the committee reached nearly every phase of the model cities program and was characterized by the citizens and the city alike as "an equal partnership" between the committee and the Grand Rapids City Commission.[54] (p. 788) The committee and the city commission were to "interpret its [model cities act] meaning to the larger community and approve all policy decisions."[55] All components of the application of the model cities program had to have the mutual approval of both the committee and the city commission.[56]

In describing the planning process for its model cities program, the city demonstration agency stated, "the last phase of the planning process is final project approval. Final approval at the local level is the responsibility of the Model Neighborhood Citizens Committee and of the Grand Rapids City Commission."[57]

The citizens committee was also responsible for program evaluation and "from evaluation of projects, MNCC...decides which programs will continue to the next action year and what changes will be made in them."[58]

Each year the city and the committee entered into a contract which stated that the two bodies would "participate as equal partners in the making of planning and

implementation policy decisions.... During the term of this Agreement, the enactment, modification or elimination of any...implementation policies shall require the concurrence of both parties...."[59] The citizens also had the right of approval over the selection of the demonstration agency director.[60]

During the final action year for model cities, 1974, the committee and the city entered an agreement to terminate the "equal partnership arrangement" during the transition period from model cities to community development. This agreement gave the city full authority over the program following July 1, 1974, until final termination of model cities.[61]

The citizens' participation component of the Grand Rapids community development program consisted of a Community Development Task Force, made up of 21 members appointed by the mayor and city commissioners. The task force was to "act in an advisory capacity to the city commission in determining community needs and priorities."[62] The task force held a series of meetings and developed a set of recommendations that were submitted to the city commissioners. The city planning department provided the task force with part-time staff support and consultation. Members of the task force were not paid for costs incurred for attendance at meetings. (pp. 789-91)

The majority of the task force members are white (72 percent), and minorities make up approximately 28 percent of the total. Three of the members represent families with incomes under $10,000 a year, and the remaining 85 percent of the task force represents families with incomes over $10,000.[63]

The community development budget included $100,000 for citizen participation activities during the first year of the program. According to the application, these funds will be used primarily for "neighborhood facilitators," who will form task forces of existing citizens' organizations to deal with local and city-wide problems.[64]

In addition to the formation of the 21-member task force, the city held five public meetings to obtain the views of citizens on community development. The information from these meetings and the recommendations from the task force were passed along to the city commission. The

commission then made changes in the recommendations and gave final approval to its housing and community development application. (pp. 791, 792)

The effectiveness of citizens' participation, as measured by the city council's acceptance of citizens' recommendations, indicates that in Grand Rapids citizens' participation under model cities was more effective than under the first-year application procedures for the Housing and Community Development Act. Under model cities the priorities and programs selected for funding were mutually agreed upon by the city and the citizens. Under the Housing and Community Development Act, the city commissioners altered the recommendations of the citizens task force when, according to Mayor Lyman Parks, "we did not feel they had the kind of priority that those we replaced them with had." (p. 801)

The citizens recommended funding a recreation center for $250,000. The city cut the budget by $150,000. The citizens recommended funding a higher education program and preschool program for a total of $44,000. The city did not fund either program. The citizens recommended funding a career advancement program for $113,000. The city cut the budget by 25 percent. The citizens recommended $22,000 to be spent on an arts program. The city budgeted nothing. The citizens recommended spending $300,000 for curbs, gutters, and alley repairs. The city budgeted more than $400,000. In its recommendations the citizens task force stated that, "Given the housing, employment and human needs problems faced by many of our citizens, we could not recommend" funding for the West River Bank Development. The city funded this capital improvement project for $200,000.[65]

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the changes in citizens' participation between model cities and community development. "The Housing and Community Development Act of 1974 provides for a higher degree of local discretion in administering the funds than was allowed under the model cities programs," said Mayor Parks. "Because of this, it is possible that the poor and minority groups could, to a large extent, be excluded from the planning and operation of local community development programs. Whether or not any city would wilfully choose to take advantage of this potential is another question indeed," Mayor Parks continued. "The potential is certainly there." (p. 794)

Wilbur Warren, a member of the model neighborhood citizens committee, noted that the model cities program established a "healthy trend in American democracy; namely, accelerated and widespread active citizen involvement in the governmental decisionmaking process." This trend, according to Mr. Warren, has been reversed by the Housing and Community Development Act. "This landmark legislation does not require citizen participation in local community development planning, administration, or implementation, so as to guarantee poor and minority persons in Grand Rapids any substantial influence or control over decisionmaking in their community." (p. 831) The new act has "strengthened the authority and power of local governments but has left poor and disenfranchised citizens, particularly minority constituencies, without institutions and programs for redress and the protection of their rights and interests." (p. 826) The citizens, according to Warren, "find it hard to understand the community development revenue sharing concept which gives unrestricted powers to the local government, which has historically been the least responsive to the needs of the disadvantaged." (p. 827)

HIGHLAND PARK

The citizens' participation component of the Highland Park model cities program was made up of eight Neighborhood Advisory Councils (NACs), one in each of the eight areas of the city covered by model cities or model cities and the Neighborhood Development Program (NDP). Each area elected 15 individuals to the neighborhood advisory council, which in turn selected one, two, or three individuals (depending on the population of the area) to represent the NAC on an overall governing body called the Citizens Advisory Committee for Future Development, Inc. (CAC). In addition to the 17 members of the CAC chosen by NACs, the mayor of the city appointed 8 members. (pp. 370, 371)

The CAC received an annual budget of approximately $166,000 and had a full-time staff ranging from three during the first year to nine during the final year of operation. Both the NACs and the CAC held regular monthly meetings and participants were reimbursed for attendance at meetings and for such costs as loss of wages.[66]

According to the model cities program application, the CAC was "the central policy making body for the model cities program,"[67] and was to "administer, implement and/or

coordinate such programs and projects as shall enable and encourage residents of the CDA Target Area to participate in all phases of the planning, implementation, monitoring and evaluation of the Highland Park CDA Programs...."[68]

The CAC, together with the city demonstration agency, was "responsible for the planning, implementation, monitoring and evaluation of CDA supplemental funded projects."[69]

The CAC's authority was neither equal to nor more than that of the city council, which maintained final responsibility over the model cities program.[70] However, the CAC did have a form of veto power in that a letter, signed by the chairman of the CAC, verifying that the committee had reviewed and approved of the action, was required before any contract or proposal could be submitted to the mayor and city council.[71]

> Citizen participation in Highland Park was established on the premise: (1) that citizens who are directly affected by the activities of the Model Cities Program should be given an adequate opportunity to influence decisions set forth by the program, (2) that citizens should have access to technical skills that would generate greater effectiveness in participation in addition to initiating, monitoring, and evaluating the Model Cities Program; (3) that citizens should have adequate resources and supporting services to develop and manage viable alternatives to meet the needs of their community; and (4) that with this influence, technical skill, and utilization of available resources, the citizens participation structure will move effectively towards its primary objective which will create and maintain channels for the expression of significant inputs in the area of administration decisionmaking; and to make residents aware of and subsequently involved in administrative policies and decisions thereby insuring

that the community as a whole will function harmoniously to arrest the maladies of this community.[72]

The citizens' participation component of the Highland Park community development program is nearly identical to that of its model cities program. Two additional neighborhood advisory councils were created in order to gain representation from all areas of the city. The name Citizens Advisory Committee was also changed, to Citizens District Council, and the name of Neighborhood Advisory Councils was changed to Neighborhood Planning Advisory Councils. The CDC is composed of 25 official members, 23 selected by MPACs and 2 representatives from the business community appointed by the mayor. (pp. 371, 372)

Under the Housing and Community Development Act the CDC will be budgeted at $144,190 for the first year's operation and will continue to maintain its full-time staff.[73] Members of the CAC continue to receive stipends for attendance at meetings to defray their expenses. (p. 37)

In addition to maintaining the citizens' participation component of the model cities program, Highland Park also conducted public meetings on the community development act to collect additional citizens' input.[74]

According to members of the citizens advisory committee, the mayor, and the director of model cities, the amount of citizens' input, responsibility, and authority has remained virtually the same under community development as it was under model cities in Highland Park.

LANSING

The citizens' participation component of the Lansing model cities program was the Model Cities Policy Board. The board was comprised of 21 members--10 appointed by the mayor, 10 elected from model neighborhoods, and 1 appointed by the city council.[75]

The policy board had an annual budget of approximately $88,000, of which 90 percent paid for full-time professional and clerical staff.[76]

The board held regular meetings and reimbursed participants for loss of pay, babysitting fees, and certain other costs.[77]

According to the Lansing city code the powers and duties of the policy board included:

> (1) The policy board shall be an advisory council which shall advise the city council concerning all model cities plans, proposals, and projects.
>
> (2) The policy board shall review, consider, and act upon all model cities plans, proposals, and projects.
>
> (3) The policy board shall create and establish those committees which the policy board deems necessary.
>
> (4) The policy board shall create and establish all task forces.
>
> (5) The policy board shall appoint one "youth ad hoc representative" to the policy board.[78]

The policy board's "task forces" were in turn empowered to:

> ...prepare specific and detailed proposals for the expenditure of model cities funds and shall submit such proposals to the policy board for review, consideration, and action.
>
> (1) Such proposals may be conceived, developed, and prepared by the proper task force; or
>
> (2) Such proposals may be conceived and/or developed by either the CDA staff or the policy board, and then submitted to the proper task force for preparation; or

(3) Such proposals may be conceived and/or developed by or through the city council, and then submitted to both the policy board and the proper task force.[79]

Although the city ordinance was amended in 1973 to allow the city council itself to design and implement model cities programs, with or without the approval of the policy board, this option was seldom used, and model cities programs continued to be formulated and approved through the policy board's authority, with the city council giving final approval to the board's programs. (pp. 411, 412)

The citizens' participation component of the Lansing application for community development funds consisted of four public meetings held "to solicit the viewpoints and recommendations of any citizen or organization concerning priority objectives,"[80] a questionnaire survey (see survey results in table 1), and a public meeting by the city council to make a final review of the application. In addition, the city considered its solicitation of bids to run various programs a form of citizens' participation and considered the technical planning committee (the city-employed department heads who formally prepared the application) to represent citizens' participation.[81]

The citizens' participation component had no organized structure, no budget, no staff or independent consultants, no regular meetings, and no reimbursement to defray costs for meeting attendance.

The city of Lansing has approved of an ongoing citizens' participation plan for future applications. A total of three groups have been established under this plan, including an eight-member Housing and Redevelopment Board, all appointed by the mayor; an eight-member Human Resources Board, all appointed by the mayor; and four Citizens District Councils, one in each target area of the city. Each of the councils will have 15 members, 10 elected and 5 appointed by the mayor.[82]

The powers and responsibilities of the two eight-member boards will be to advise their respective city departments, human resources and housing and redevelopment. "These boards will make program recommendations to the planning board prior to the preparation of the annual [community

TABLE 1

Citizen's Preferences
(from public hearings and mail-ins)

Rank	Objective	Point Value[1]
1	#3 - health, life, property	1343
2	#1 - structural conditions	1327
3	#2 - community services and facilities	1300
4	#5 - housing	1031
5	#6 - land and natural resources	986
6	#4 - community economy	881
7	#7 - isolation of income groups	757
8	#8 - historic preservation	492

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[1]Point values were derived by multiplying the number of responses under each rating for each objective by the reverse order value; e.g.

Objective #1 = 54 responses for first priority
x 8 = 432

Objective #1 = 47 responses for second priority
x 7 = 329

The points for each objective are totaled to obtain point value.

Source: Lansing, Mich., Technical Planning Committee, Interoffice Communication, Nov. 21, 1974.

development] plan, in accordance with Chapter 2A, Code of Ordinance, City of Lansing."[83]

The powers and authority of the citizens district councils and their coordinating council are spelled out in a city resolution passed on March 17, 1975:

> The District and Coordinating Councils shall be advisory to each department responsible for planning and implementing Community Development programs. They shall be given the opportunity to review and comment on all plans and proposals. They shall make recommendations to the board of each department directly responsible for Community Development activities.[84]

In addition, the city will hold public hearing(s) "to review the ongoing program, to solicit comments from citizens as to the effectivness of projects, and the need to design projects to meet other community needs" each year prior to the preparation of the annual plan.[85] The intent of the citizens' participation process, according to the city resolution, is to accomplish three basic objectives:

> (1) That citizens have input into the annual CD plan and its amendments or revisions;
>
> (2) That citizens are provided information regarding the amount of funds available, the range of eligible activities, the progress of implementing activities, and other important program information;
>
> (3) That citizens directly affected by CD activities have the opportunity to articulate needs, express preferences about project activities, assist in the selection of priorities and assist in the development of a detailed plan in the neighborhood development areas.[86]

The effectiveness of citizens' participation, as measured by the acceptance of citizens' recommendations by

the city council, indicates that in Lansing citizens' participation under model cities was more effective than under the first-year application procedure for the Housing and Community Development Act. Under model cities the priorities were set by the policy board, and the programs were designed by the board itself to fulfill the priorities it had set. The city council then gave final approval to the work of the board.

Under the Housing and Community Development Act the city tabulated citizens' opinions regarding general "objectives" such as "community economy," "isolation of income groups," and "health, life, property," as their means of establishing citizens priorities (see table 1). The city council then adopted its own ranking, which, according to Ralph Cascarilla, acting community development director, came "close" to the citizens' ranking.[87]

Citizens were not included in the determination of actual projects or program areas, and the final funding levels (see section IV) have no correlation with the citizens' priority ranking of objectives.

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens have been entirely excluded from participation in these areas under community development.

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding citizens' participation under both model cities and the Housing and Community Development Act. Mayor Gerald W. Graves concluded that under model cities, "We're talking about so-called citizens' participation, which in fact was not citizens' participation." (p. 424) According to the mayor, the members of the policy board did not constitute citizens' participation because in some instances very few people participated in the elections held to select board members. (p. 424) The mayor told the Michigan Advisory Committee that the selection method used under the community development program, appointment by the mayor, would result in better representation for the citizens of the city on the citizens participation boards. (pp. 487, 488)

Eugene Loyd, who served as president of the Lansing Model Cities Policy Board, told the Advisory Committee,

"From the outset, the citizens were formulating all the programs that were to be funded under model cities." (p. 411) Under community development, however, citizens' participation changed, according to Mr. Loyd: "I would say that in reading the Housing and Community Development Act I feel that citizens' participation is very ambiguous. Congress should clarify whether they really meant for citizens' participation to be a part of community development or not." (p. 402)

Harry Smith, a member of the model cities policy board, told the Advisory Committee that under community development, "there was virtually no citizens' participation in the development of the application itself." (p. 414)

SAGINAW

The citizens' participation component of the Saginaw model cities program was the Model Cities Policy Board. Approximately one-half of the board members were elected, and the remaining members were appointed by either the mayor or elected as representatives of various organizations and agencies in the city. Most of the board members were minorities, and about 25 percent were economically poor. (p. 676)

The policy board functioned with a budget of $130,000 a year during its first 3 years of operation and had six full-time staff members to assist the board in carrying out its authority and responsibilities.[88]

The policy board had regular monthly meetings and paid stipends to its members who attended meetings in order to defray such costs as babysitting and travel expenses.[89]

During the third year of the program the role and responsibility of the model cities policy board was defined in a "Memorandum of Agreement Between Model Cities Policy Board and City Council of Saginaw" as "the organizational structure which has been identified to provide for citizen input into the local program." The memorandum went on to state that the board was "an advisory body in an ongoing process of citizen interaction with local government in the development policies, plans and programs and in the carrying out of these programs."[90]

The policy board was given authority and responsibility over 11 major areas:

(1) Be responsible for presenting the viewpoints of model neighborhood residents to the fullest extent possible in all phases of the Model Cities program.

(2) Provide an opportunity for those who live and work in the Model Cities area to identify problems, issues, goals, and priorities as they perceive them.

(3) Enable citizens to examine and comment on the inter-relationships of programs affecting the neighborhood, to identify where a lack of coordination/communication creates gaps in delivery, inconsistent approaches, or counter effects between different program activities.

(4) Identify appropriate planning committees to consider all project proposals who in turn will make recommendations to the policy board.

(5) Make recommendations on program priorities that best speak to alleviating model neighborhood priority problems.

(6) Through the policy board chairman or his designated representatives, participate in the presentation of the Model Cities Action Year Plan to City Council.

(7) Complete all Action Year Plan development activities consistent with a timetable to be developed by the City Demonstration Agency.

(8) Designate three (3) representatives to Model Cities Liaison Committee.

(9) Develop and evaluate project proposals and projects designed to speak to the viewpoints of model neighborhood residents.

(10) Make project recommendations for re-programmed funds.

(11) Review monthly financial reports for all Model Cities projects.[91]

The memorandum of agreement stated that the ultimate responsibility and authority for the model cities program remained with the officials of local government but that "model neighborhood citizens [must] participate and be fully involved in policymaking, planning, and the carrying out of all program elements."[92]

The citizens' participation component of Saginaw's community development application consisted of a series of public meetings convened by the city and the distribution of a questionnaire asking for opinions on the city's housing and urban development needs. A total of seven meetings were held at which 226 people were in attendance. The purpose of the meetings was twofold: to provide information on the block grant proposal and to gain citizen input.[93]

A total of 666 questionnaires were returned, and many included written comments and responses in addition to the printed questions.[94]

The information provided by citizens was then "channeled to the community development staff" who summarized the results in a memorandum that was provided to the city manager and the city council.[95]

The city limited citizens' participation to the development of the "needs" portions of the city's application. Citizens were not involved in carrying out any programs under the new act or in monitoring, letting contracts, or decisions concerning the actual programs that were funded.[96] Citizen input into the application was cut off as of a certain date, at which point the city began its full process of writing an application for funds. According to the director of community development, "Questionnaires, letters, phone calls and visits from citizens were accepted

until January 1, 1975, at which time staff effort in preparing the actual application was intensified."[97]

The effectiveness of citizens' participation, as measured by the city council's acceptance of citizens' recommendations, indicates that in Saginaw the citizen participation under model cities was more effective than under the first-year application for housing and community development funds. According to Donald Scott, who served as chairman of the Saginaw Model Cities Policy Board, the board had achieved a "kind of a partnership with the city" through which the model cities program submitted by the city reflected the priorities singled out by the citizens regarding the community's needs." (p. 664)

The program priorities included in the Housing and Community Development Act application, however, do not reflect the priorities determined by the citizen participation component. Social, economic, welfare, and planning projects previously provided through the model cities program were determined to be the top priority expressed by citizens.[98] In its application, however, the city council reduced the amount of money allotted to such programs from its previous funding under model cities by approximately 6 percent (see section IV). (pp. 606)

Housing and housing-related programs, the second priority expressed through the citizens' participation component, were also reduced from previous funding levels during the years 1968-72. (pp. 605, 606) The citizens' third priority for spending, renewal of the downtown business district, was also reduced from its funding level prior to enactment of the community development act (pp. 605, 606). The lowest priority item expressed through the citizens' participation process was for parks, recreation, and open space. The city council increased the amount of money spent on these programs more than 700 percent from their prior funding levels. (pp. 605-09)

Measures of the effectiveness of citizens' participation in other areas such as program implementation and program operations could not be made because citizens have been entirely excluded from participation in these areas under community development.

In testimony before the Michigan Advisory Committee, Terry Pruitt, model cities director, commented on the

differences in citizen participation under the two laws. "There is a definite shift in the citizen participation requirements from model cities to community development. I don't think they [the new requirements] are as stringent, and I don't think they allow for the kinds of activities and functions that were part of the model cities program. (p. 642) Not only are they vague, but it appears that they serve to minimize citizens' influence and citizens' input into the decisionmaking process. (p. 640)

"The cities and the mayors and the managers and the local public officials all across the country lobbied very hard for this piece of legislation [the HCD act] and lobbied very hard to minimize the role of citizens in the decisionmaking process," Mr. Pruitt added. "I think--at least it's my opinion--that there was a deliberate attempt to get out from under the gun of citizens' participation." (pp. 647, 648)

Donald Scott, chairman of the model cities citizens participation unit, told the Advisory Committee, "I don't know if it's unusual, but participation [in Saginaw] went from a situation in which there was citizen control, to one in which there was manipulation [of citizens]." (p. 664)

After completion of its first-year application for community development funds, the City Council of Saginaw passed an ordinance creating the Saginaw Human Planning Commission, which was given the purpose of providing "effective citizen participation, in an advisory capacity only, to aid the city council in solving the social and physical problems of the city."[99]

The commission was given duties and powers to "establish program priorities by direct communication with citizens in the respective neighborhood districts. The commission shall have authority to plan and research social programs and review and recommend programs and action proposed by others in the area of social programming proposed for the city."[100] The ordinance specifically prevented the commission from establishing "an executive committee, steering committee or any regional committee."[101]

The members of the commission are all appointed by the city council, one from each elementary school district throughout the city. The commission has no regular budget and no regular staff. However, staff assistance may be

provided to the commission at the discretion of the head of the city's community development department.[102]

The ordinance was to take effect February 27, 1975, but as of June 17, 1975, no appointments had been made to the commission, and thus its racial and economical makeup had not been determined. (p. 659)

HUD COMMENTS ON CITIZENS' PARTICIPATION

Representatives of the U.S. Department of Housing and Urban Development testified before the Michigan Advisory Committee to the U.S. Commission on Civil Rights regarding the differences in citizens' participation between model cities and community development and the possible impact of those differences.

Thomas Higginbothan, director of compliance and enforcement in the Chicago Regional Office of Equal Opportunity, told the Advisory Committee that, although certain equal opportunity provisions of the community development law were improved, other provisions, such as those governing citizens' participation, had become "more restrictive." (p. 732) Mr. Higginbothan went on to tell the Advisory Committee, "There is no question in my mind that as far as residents of an old model cities neighborhood are concerned, their role [in citizen participation] is less sharply defined [under community development]." (p. 733)

Ruth Featherstone, director of the equal opportunity division of the Detroit Area Office of HUD, told the Advisory Committee that the new act has done little to improve citizens' participation. "I don't think the new act has either increased the opportunity for citizens' participation or decreased it. I think that it's up to community groups." (p. 742)

Ms. Featherstone went on to tell the Advisory Committee, however, that the opportunity for cities to seriously cut back citizens' participation was now present. "I think that the [community development] regulations are written in such a way that citizen participation can be maximized or minimized or whatever.... Citizen participation could be diluted, but not necessarily." (p. 743) According to Ms. Featherstone, the act and regulations placed the burden of providing adequate citizen

participation not upon HUD, nor upon the cities receiving funds, but upon the citizens themselves. (p. 745)

CITIZENS' PARTICIPATION SUMMARY

Model cities and community development legislation both require citizens' participation in some form. Model cities called for participation in every aspect of the program while community development requires citizens' input only during the application process. Model cities called for "widespread" activities while community development specifies certain minimal activities that will suffice as adequate participation. Community development legislation includes specific language stipulating that citizens' participation cannot interfere with the authority and responsibility of local government in operating the program. Model cities included no such specific language.

The regulations passed by the U.S. Department of Housing and Urban Development regarding these acts are quite different. Community development regulations are limited to the narrow activity of participation in the application process. Those promulated for model cities call for activity in areas of policymaking, program selection, evaluation, and implementation.

Not only is the scope of citizens' participation quite different between the two programs but the type of participation is also different. Model cities required the establishment of an organized unit to represent formally citizens' participation, with the further requirement that those citizens making up that unit be accepted by neighborhood residents as representing their interests. Further, model cities required that financial assistance be made available if financial problems stood in the way of active citizens' participation.

The community development regulations do not require an organized citizens' unit, nor do they require that the citizen participants be accepted by neighborhood residents as representing their interests. Further, the community development regulations make no provision for financial assistance to overcome financial barriers to active citizens' participation. Nothing in the community development act prohibits HUD from establishing such requirements.

In addition to changes in the scope of citizens' participation and the type of participation, there are differences between the two acts regarding the philosophy of citizens' participation. Model cities regulations detail certain HUD philosophies, including a commitment to the "sharing of power" between citizens and city councils, a belief that improving the quality of life for low-income residents can be accomplished only through the affirmative action of those residents themselves, and a recognition that traditional acts of citizens' participation, such as attendance at a public meeting, are often ineffective. Regulations governing the community development act include no such commitments, philosophies, or beliefs.

The differences in legislation and regulation have shown a corresponding difference in actual implementation. Most cities cut citizens out of the decisionmaking process in all areas except the application process. Many cities did away with organized units representing citizens' participation. Nearly all those who retained organized units did away with the representative nature of the membership, making them appointed positions rather than elected as they had been under model cities. Nearly every city did away with financial assistance to individuals who could not actively participate because of financial barriers.

Under community development the number and percentage of low-income and minority individuals on citizens advisory boards have been reduced. In only one city did the number and percentage remain relatively equal.

Citizens and city officials who testified before the Michigan Advisory Committee overwhelmingly agreed that citizens' participation under model cities had made great strides toward effective citizens' input into the decisionmaking process. In only one city did the mayor speak negatively regarding model cities citizens' participation.

On the other hand, however, citizens who testified were nearly unanimous in their opinion that the community development act had reduced citizens' participation from its previous level under model cities. City officials gave mixed opinions, but nearly all conceded that the new legislation had provided cities with an opportunity to cut

citizens out of the decisionmaking process if they desired to do so.

CITIZENS' PARTICIPATION FINDINGS

1. The Michigan Advisory Committee to the U.S. Commission on Civil Rights finds that the Housing and Community Development Act of 1974 has reduced requirements for the participation of low-income and minority individuals in the communities' decisionmaking process as compared to the citizens' participation requirements provided under the Demonstration Cities and Metropolitan Development Act of 1966 (model cities).

> The 1974 act has reduced the scope of citizen involvement from "all elements of the program," as it had been under model cities, to the very narrow area of "the application process."
>
> The minimum requirements for citizens' participation spelled out in the community development act are, in many instances, far below the actual achievements reached in some model cities programs and can be used by cities as justification for a reduction in the role of citizens in the decisionmaking process.
>
> The community development act has provided cities with further justification for reducing citizens' participation with the inclusion of language specifying that citizens' participation shall not interfere with or restrict the applicants' responsibility or authority over the community development program.

2. The Michigan Advisory Committee finds that the regulations and guidelines promulgated by the U.S. Department of Housing and Urban Development to implement the two acts have significantly reduced both the quality and quantity of citizens' participation to be provided by each applicant.

> In 1970 HUD officially recognized that "traditional acts of participation--voting,

attendance at meetings, letters to Congressmen--are frequently ineffective..." and that "new forms of collaborative relationship...new means for participation in the decisionmaking process, need to be developed." HUD regulations regarding the 1974 act not only officially recognize the traditional public meeting as an acceptable means of citizen participation but, in fact, require such meetings in order to qualify for funding.

In 1967 HUD officially recognized that "improving the quality of life of the low-income residents...can be accomplished only by the affirmative action of the people themselves." This includes, according to HUD, "the means for the model neighborhood's citizens to participate and be fully involved in policymaking, planning and the execution of all program elements." The HUD regulations regarding the 1974 act speak only to the participation of citizens in the application process. The recognized necessity of full involvement in the implementation of all program elements has been discarded by HUD, even though the act did not require the department to do so.

In 1967 HUD officially recognized the necessity of "some form of organizational structure...which embodies neighborhood residents in the process of policy and program planning and program implementation and operation." The HUD regulations for the 1974 act recognize no such need and do not include a requirement for such an organizational structure.

In 1967 HUD recognized that the leadership of the above-mentioned organizational structure "must consist of persons whom neighborhood residents accept as representing their interests." The regulations for the 1974 act do not recognize the need for "citizen participants" to be persons whom

neighborhood residents accept as representing their interests.

- In 1967 HUD recognized that "where financial problems are a barrier to effective participation [by the poor], financial assistance should be extended to neighborhood residents to assure their opportunity to participate." The 1974 regulations neither recognize this need nor require its solution.

- The Housing and Community Development Act of 1974 does not prohibit HUD from continuing these regulations under the new act.

3. The Michigan Advisory Committee finds that, in actual practice, most of Michigan's model cities have reduced the quality and quantity of citizen participation under the Housing and Community Development Act from prior levels under model cities. Of the nine communities with model cities programs (Benton Harbor and Benton Township have here been counted separately), six discontinued funding for citizens' participation activities under the new community development legislation.

- Of the nine communities, only two continue to provide financial assistance for the poor to participate in citizens' participation procedures.

- Of the nine communities, only one continues to allow citizens to vote for their citizens' representatives on advisory boards. The remaining seven communities that have such advisory boards determine membership through appointment by mayors and city councils. One city, Detroit, has provided for no formal citizens' participation body.

- Of the nine communities, only two continue citizens' involvement in the implementation of the community development program. The remaining seven communities limit citizens' participation to the application process.

•Of the nine communities, only two have allocated funds to pay for staffing of citizens' participation operations.

RECOMMENDATIONS

1. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends that each of Michigan's nine model cities communities amend their community development citizens' participation procedures to:

(a) provide the mechanism for citizens to be fully involved in the policymaking, planning, execution, and implementation of all program elements;

(b) provide a form of organizational structure that includes low-income neighborhood residents in the process of policy and program planning and program implementation and operation, and a procedure that ensures that the leadership of that organizational structure consists of persons whom neighborhood residents accept as representing their interests. The Advisory Committee suggests the neighborhood electoral process as means of accomplishing this end; and

(c) provide financial assistance to low-income neighborhood residents where financial problems are a barrier to effective citizens' participation.

2. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends that the Secretary of the U.S. Department of Housing and Urban Development review and reaffirm its conclusions concerning the quality and quantity of citizens' participation as described in HUD Technical Assistance Bulletin No. 3, CDA Letter Number 3, and the HUD handbook, "Workable Program for Community Improvement." The Advisory Committee recommends that the rules and regulations published by HUD regarding community development block grants, Title 24, Parts 570.30 (e)(2) and 570.900 (d), be amended to include the basic citizens' participation requirements included in these three HUD documents. In addition, the Advisory Committee recommends that HUD publish a technical assistance bulletin that fully reviews and reaffirms the citizens' participation philosophy and minimal requirements as described in the three documents.

3. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends that the U.S. Congress amend the citizens' participation section of the Housing and Community Development Act of 1974, section 104 (a) (6) (C) to read: "provide low-income citizens an adequate opportunity to participate in the development of the application and the implementation of the program including the planning, policymaking and execution of all program elements" or equivalent language to restore the HUD-recognized necessity for full participation of low-income citizens in the entire scope of the program.

The Michigan Advisory Committee recommends that, in addition to the statement, "no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of its community development program," the Congress add language to section 104 (a) (6) (C) to the effect that, "no part of this paragraph shall be construed to limit the use of citizens' participation procedures employed under previous Federal programs providing such procedures are not in violation of applicable sections of this Act."

Further, the Advisory Committee recommends that the U.S. Congress amend the introductory language of section 104 (a) (6) to read: "provides widespread citizens participation including but not limited to a process which has...."

NOTES TO SECTION III

[1]42 U.S.C. §3303 (a)(2) (1970).

[2]42 U.S.C.A. §5304 (a)(6) (1975).

[3]42 U.S.C.A. §5305 (a)(13) (1975).

[4]Ibid.

[5]U.S., Department of Housing and Urban Development, Technical Assistance Bulletin No. 3 (1968), pp. 5, 17.

[6]Ibid.

[7]39 Fed. Reg. 40150 (1974).

[8]39 Fed. Reg. 40136 (1974).

[9]North City Area-Wide Council, Inc. v. Romney, 456 F. 2d 811, (3rd Cir. 1972) cert. denied, 406 U.S. 963 (hereafter cited as North City v. Romney).

[10]Ibid.

[11]Bouchard v. Washington, 356 F. Supp. 223 (D.C. D.C. 1973).

[12]Rodriguez v. Barcelo, 35[illegible] F. Supp. 43 (D. Puerto Rico 1973).

[13]Coalition for United Community Action v. Romney, 316 F. Supp. 742 (N.D. Ill. 1970).

[14]North City v. Romney.

[15]Ann Arbor, Mich., Ordinance 42-73, Oct. 29, 1973, amending code §1:234(2) ch. 9, title I.

[16]Ann Arbor, Mich., City Council, Second Year Action Plan (1972-1973), p. 58 (hereafter cited as Action Plan).

[17]Ibid., pp. 58, 59.

[18]Ibid., p. 57.

[19]Ibid., p. 90.

[20]Ibid., pp. 87, 88.

[21]Page numbers in parentheses cited here and hereafter in text refer to statements made to the Michigan Advisory Committee at its open meeting in Lansing, Mich., June 26-27, 1975, as recorded in the transcript of that meeting. The transcript is on file with the U.S. Commission on Civil Rights, Washington, D.C., and with the Commission's Midwestern Regional Office, Chicago, Ill.

[22]Ann Arbor, Model Cities Policy Board, "Reimbursement Policy for Citizens Participation" (undated), p. 1.

[23]Action Plan, pp. 63, 132.

[24]Ann Arbor, Mich., Community Planning and Management Department, Citizens Participation for Community Development Revenue Sharing Funds (1975), appendix E, p. 27 (hereafter cited as Citizens Participation).

[25]Ibid., pp. 4, 8.

[26]Ibid., p. 10.

[27] Theodore Beals, former member of Model Cities Policy Board, interview in Ann Arbor, Mich., June 12, 1975.

[28]Citizens Participation, p. 23.

[29]Theodore Beals, written testimony submitted to Michigan Advisory Committee to the U.S. Commission on Civil Rights, June 26, 1975.

[30]Benton Harbor-Benton Township, Mich., Model Cities Program Action Year III (1973), p. 302-1.

[31]Ibid., p. 302-2.

[32]Ibid., pp. 302-2, 301-3.

[33]Benton Harbor-Benton Township, Mich., Agreement for Delegation of Activities Under HUD Grant No. MP 21-008 (1975), pp. 2, 3, 6.

[34]Melvin Farmer, deputy city manager of Benton Harbor and model cities director, telephone interview, Aug. 22, 1975.

[35]Benton Harbor, Mich., City Commission, Citizens Participation Charter for Community Development Citizen's Advisory Board (1975), Article I.

[36]Martin J. Lane, Benton Township supervisor, written statement submitted to the Michigan Advisory Committee to the U.S. Commission on Civil Rights, June 26, 1975.

[37]Ibid.

[38]Georgia R. Brown, director, Detroit Model Neighborhood Department, letter to Jo-Ann Terry, chairperson, Michigan Advisory Committee, June 19, 1975.

[39]Ibid.

[40]Ibid.

[41]Ibid.

[42]Ibid.

[43]Genesee County, Mich., County Commissioners, Model Cities Program Continuing Plan (1973), p. PB-5 (hereafter cited as Continuing Plan).

[44]Genesee County Model Cities Citizens Participation Organization, By-Laws (undated), pp. 6, 7.

[45]James C. Wheeler, member, Genesee County Model Cities Citizens Participation Organization, written testimony submitted to Michigan Advisory Committee to the U.S. Commission on Civil Rights, June 26, 1975.

[46]Continuing Plan, p. EP-16.

[47]Daniel Boggan, Jr., Flint city manager, letter to U.S. Commission on Civil Rights, Aug. 1, 1975.

[48]Ibid.

[49]Ibid.

[50]Ibid.

[51]Grand Rapids, Mich., City Commission, Model Cities Third Year Plan (1973), pp. VII-1, XII-9 (hereafter cited as Third Year Plan).

[52]Ibid., p. VII-4.

[53]Ibid., p. V-1.

[54]Ibid., p. I-4.

[55]Grand Rapids, Mich., City Commission, Model Cities Second Year Plan (1972), pp. IV-2, 3 (hereafter cited as Second Year Plan).

[56]Third Year Plan, p. I-4.

[57]Second Year Plan, pp. V-8, 9.

[58]Ibid., p. V-12.

[59]Grand Rapids, Mich., City Commission, Agreement, January 1974, between City and Model Neighborhood Citizens Committee, Inc., section 2-C-3.

[60]Ibid., section 2-C-7.

[61]Grand Rapids, Mich., City Commission, Agreement, July 1974, between City and Model Neighborhood Citizens Committee, Inc., section 2-C-9.

[62]Grand Rapids, Mich., City Commission, Resolution 27504, passed Nov. 12, 1974.

[63]Grand Rapids Press, June 16, 1975, p. 1.

[64]Grand Rapids, Mich., City Commission, Application for Federal Assistance Community Development Block Grant Program (1975), p. 8, Community Development Program Section.

[65]Ibid., pp. 1-8, Community Development Program Section. Also see: Grand Rapids, Mich., Community Development Task Force, Report (January 1975), Part A.

[66]Highland Park, Mich., City Council, Model Cities Amendatory Final Action Year (1974), pp. 62-65.

[67]Ibid., p. 66.

[68]Highland Park, Mich., City Council, Model Cities Program Fifth Year and Transition (1974), Scope of Services, section A. (hereafter cited as Fifth Year).

[69]Ibid., section B (1).

[70]Highland Park, Mich., City Council, Final Action Year Plan (1973), p. 4.5 (hereafter cited as Final Plan).

[71]Fifth Year, section B(4).

[72]Final Plan, pp. 4.1, 4.2.

[73]Highland Park, Mich., City Council, Application Community Development Block Grant Program (1975), p. 2 of Budget Form - Supporting Information.

[74]Paul Woods, director of Highland Park model cities, interview in Highland Park, June 11, 1975.

[75]Gerald W. Graves, Mayor of Lansing, Mich., letter to City Council, Model Cities Policy Board and Citizens, July 14, 1969.

[76]Lansing, Mich., City Council, 4th Year Application (1974), pages following p. 186 unpaginated.

[77]Lansing, Mich., City Council, Ordinance Number 335, July 30, 1973.

[78]Ibid.

[79]Ibid.

[80]Ralph Cascarilla, director of Lansing Community Development Office, statement submitted to Michigan Advisory Committee to the U.S. Commission on Civil Rights, June 26, 1975 (hereafter cited as Cascarilla).

[81]Ibid.

[82]Lansing, Mich., City Council, Procedures to Implement Citizens Participation Process for Community Development (1975), p. 1.

[83]Ibid., p. 2.

[84]Ibid., p. 3.

[85]Ibid., p. 1.

[86]Ibid., p. 1.

[87]Cascarilla.

[88]Saginaw, Mich., City Council, Model Cities Program (1974), pp. 14, 101.

[89]Ibid., p. 15.

[90]Saginaw, Mich., City Council, Memorandum of Agreement Between Model Cities Policy Board and City Council of Saginaw (1974), pp. 1, 2.

[91]Ibid., p. 2.

[92]Ibid., p. 3.

[93]Saginaw, Mich., Department of Community Development, Detailed Analysis: Citizens Participation in Preparing the City's Community Development Block Grant Application (1975), pp. 1, 2, 12 (hereafter cited as Detailed Analysis).

[94]Ibid., p. 7.

[95]Howard G. Sheltraw, director of community development, memorandum to city manager, Jan. 3, 1975, p. 1.

[96]Ibid., p. 1.

[97]Detailed Analysis, p. 3.

[98]Ibid., p. 4.

[99]Saginaw, Mich., Ordinance D-1135, Feb. 17, 1975.

[100]Ibid.

[101]Ibid.

[102]Ibid.

IV. PROGRAMMING DECISIONS

Legislative Differences

Program and project selection under both model cities and community development has been governed by specific stipulations written in the acts. Each act defines the purpose to which the program must be aimed and each defines the eligibility requirements necessary for a program to receive funding.

The purposes of the model cities act were to:

> provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.[1]

Programs and projects were eligible for model cities funding only if:

> (1) physical and social problems in the area of the city covered by the program

are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 3301 of this title;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available

for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out of the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 3307 of this title; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this subchapter which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this subchapter: Provided, that the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this subchapter.[2]

The purpose of the Housing and Community Development Act is:

> the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the Federal assistance provided in this title is for the support of community development activities which are directed toward the following specific objectives-
> (1) the elimination of slums and blight and the prevention of blighting influences and the deterioration of poverty and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;
> (2) the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;
> (3) the conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;
> (4) the expansion and improvement of the quantity and quality of services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;
> (5) a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

(6) the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and
(7) the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.[3]

Applications are eligible for funding only if they include a program designed to:

(A) eliminate or prevent slums, blight, and deterioration where such conditions or needs exist; and
(B) provide improved community facilities and public improvements, including the provision of supporting health, social, and similar services where necessary and appropriate;....[4]

In addition the program must:

give maximum feasible priority to activities which will benefit low- or moderate-income families or aid in the prevention or elimination of slums or blight. The Secretary may also approve an application describing activities which the applicant certifies and the Secretary determines are designed to meet other community development needs having a particular urgency as specifically described in the application.[5]

Programs eligible for funding are specifically spelled out and include:

(1) the acquisition of real property (including air rights, water rights,

and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purpose;
(2) the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements--including neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, water and sewer facilities, foundations and platforms for air rights sites, pedestrian malls and walkways, and parks, playgrounds, and recreation facilities, flood and drainage facilities in cases where assistance for such facilities under other Federal laws or programs is determined to be unavailable, and parking facilities, solid waste disposal facilities, and fire protection services and facilities which are located in or which serve designated community development areas;
(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;
(4) clearance, demolition, removal, and rehabilitation of buildings and

improvements (including interim assistance and financing rehabilitation of privately owned properties when incidental to other activities);
(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities under this title;
(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;
(8) provision of public services not otherwise available in areas where other activities assisted under this title are being carried out in a concentrated manner, if such services are determined to be necessary or appropriate to support such other activities and if assistance in providing or securing such services under other applicable Federal laws or programs has been applied for and denied or not made available within a reasonable period of time, and if such services are directed toward (A) improving the community's public services and facilities, including those concerned with the employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas, and (B) coordinating public and private development programs;
(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the Community Development Program;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;
(11) relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this title;
(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation; and
(13) payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities.[6]

Under both model cities and community development, applicants were provided with a variety of programs eligible for funding and were given wide latitude in making program choices. Both acts recognized the necessity of two primary elements of community improvement: a plan to eliminate and prevent physical deterioration, and a plan to provide those community services necessary to improve health, employment, child care, education, recreation, economic opportunity, and other social needs.[7]

The model cities legislation did not stipulate which of these two areas of need was to receive prime consideration by applicants. The community development legislation, as well, did not make such a stipulation. However, the legislative history of the 1974 act indicates that both Houses of Congress intended that the principal thrust of the legislation be physical improvement. In its final form, therefore, the legislation stated that public services were to be provided only "to support such other [physical development] activities and if assistance in providing or securing such services under other applicable Federal laws or programs has been applied for and denied or not made available...."[8]

In an early version of the act, Senate Bill 3066, the amount of money available to social programs had been limited to 20 percent of a community's total funds. This percentage limitation was rejected, however, by the House and Senate conferees, and the final version of the bill includes no dollar or percentage limitation on expenditures for social programs.[9]

Although both acts gave communities wide latitude in selecting programs, both stipulated the limited purposes for which funds could be used in the eligibility requirements for families and individuals receiving benefits from the programs. Model cities was to provide for needs in areas of extreme blight and deterioration and was to benefit the poor and disadvantaged families who lived within those geographic boundaries. Community development was not limited to any geographical boundaries of concentrated blight and deterioration, but the act required that funds be used principally for persons of low- and moderate-income and to give maximum feasible priority to activities that benefited low- or moderate-income families or aided in the prevention or elimination of slums and blight.

The community development act does not require compliance with this stated purpose and eligibility requirement, however. Section 104 (a)(2) of the act provides that local communities may design, and HUD may approve, programs aimed at any other community needs having a particular urgency. This section of the act was translated in the HUD rules and regulations as:

> Where all or part of the community development program activities are

> designed to meet other community development needs having a particular urgency, the applicant may request a determination by the Secretary that the program activities are so designed to meet such needs as specifically described in the application.[10]

In addition, during the first year of implementation the HUD application form for community development funds provided that communities certify that the community development program:

> (a) Gives maximum feasible priority to activities which will benefit low- or moderate-income families or aid in the prevention or elimination of slums or blight;
>
> (b) Contains activities designed to meet other community development needs having a particular urgency which are specifically identified and described in the applicant's community development plan summary and community development program.

The instructions for this section state that the applicant may certify that it will comply with (a) or (b) or both.[11]

This section of the community development act evolved from Senate Bill 3066, which contained a provision prohibiting more than 20 percent of an applicant's community development funds to be used for activities that "do not directly and significantly benefit low- and moderate income families or blighted areas." The House version of the bill did not include any provision for funds to be used for purposes other than those stated in the law. The House and Senate conference committee replaced the Senate provision with the provision that is currently in the law.[12]

Differences in Implementation

The Michigan Advisory Committee to the U.S. Commission on Civil Rights reviewed the programs established by the eight model cities communities in Michigan and compared them

TABLE 2

FORM APPROVED
OMB NUMBER 63-R1211

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

XX Original Submission ☐ Revision No:

CITY: Ann Arbor, Michigan
CONTRACT NUMBER:
DATE: 3/15/72
REQUESTED ACTION YEARS FROM: 1972 TO: 1973

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS				TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
				MC GRANT	NON HUD MC FUNDS				
					FEDERAL	STATE	LOCAL		
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	--	111,000	156,650			45,000	201,650	267,650
11	Health	--	139,000	212,700				212,700	351,700
15	Social Services	--	120,000	131,500				131,500	251,500
16	Recreation – Culture	--	59,000	101,800				101,800	160,800
17	Crime – Delinquency	--	90,000	115,500				115,500	205,500
20	Manpower and Job Development	--	47,000	25,000				25,000	72,000
21	Economic and Business Development	--	--	--				--	--
30	Housing	--	--	--				--	--
31	Relocation	--	--	20,000				20,000	20,000
32	Transportation – Communication	--	82,000	32,500				32,500	114,500
33	Environmental Protection and Development	--	--	20,000				20,000	20,000
40	Citizen Participation	--	--	45,000				45,000	45,000
50	Evaluation and Information	--	22,000	22,000				22,000	44,000
	SUBTOTAL								
90	Program Administration	--	186,300	186,337			46,584	232,921	372,637
	GRAND TOTAL	--	856,300	1068987			91,584	1160571	1925237

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD are on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION:

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $ _____

_____ (Signature)

_____ (Date)

HUD-7044 (10-70) Previous edition may be used

8j

with those programs established by the cities under the Housing and Community Development Act.

The Advisory Committee made no attempt to evaluate the effectiveness of any one particular program or project in a city or to monitor the relative success or failure of a city's programs. Instead, the Advisory Committee sought to look at how cities used each of the two acts to attack the problem of urban blight, differences in the types of programs selected by cities under each act, differences in target populations affected by the city's selections, and the opinions of officials and citizens regarding the programming choices made by the community and their effect on low-income and minority individuals.

ANN ARBOR

Budget allocations for the Ann Arbor model cities program are shown in table 2 and the first-year budget for community development is shown in table 3. Under model cities the city spent funds principally for public service programs.[13]

The cumulative totals for all funds budgeted through 1973 show that $1,443,650 was spent on public services, including education, health, social services, recreation, crime prevention, job development, transportation, and environmental protection. These programs accounted for 75 percent of the total budget. The city spent no funds on housing programs but did provide $20,000 for a housing relocation program. This expenditure accounted for approximately 1 percent of the model cities budget. The remaining funds were spent on administration, citizens' participation, and planning and evaluation activities.

Under the Housing and Community Development Act, the city budgeted its funds principally for physical development programs, including public works, housing rehabilitation, clearance, improvement, and relocation activities. A total of $1,543,000 was budgeted for these projects, accounting for 62 percent of the available funds. The city budgeted $660,750[14] for public service projects, accounting for 27 percent of the budget.

The target population served by the model cities program encompassed census tract number seven, which included the largest percentage of minorities and low-income

TABLE 3

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. [X] ORIGINAL [ ] AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT City of Ann Arbor	D. PROGRAM YEAR FROM: TO:	

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	97,000
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	792,250
3.	CODE ENFORCEMENT	92,000
4.	CLEARANCE, DEMOLITION, REHABILITATION	106,000
5.	REHABILITATION LOANS AND GRANTS	279,250
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	57,000
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	0
8.	DISPOSITION OF REAL PROPERTY	0
9.	PROVISION OF PUBLIC SERVICES	730,250
10.	PAYMENT OF NON-FEDERAL SHARES	0
11.	COMPLETION OF URBAN RENEWAL PROJECTS	0
12.	RELOCATION PAYMENTS AND ASSISTANCE	50,000
13.	PLANNING AND MANAGEMENT DEVELOPMENT	60,625
14.	ADMINISTRATIVE	125,000
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	0
16.	SUBTOTAL	2,389,375
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	86,625
18.	TOTAL PROGRAM ACTIVITY COSTS	2,476,000

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT		
2.	LESS DEDUCTIONS		
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		
4.	PROGRAM INCOME		
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		
6.	LOAN PROCEEDS		
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		0
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		

[1] [ ] *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4*

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(10-74)

families in Ann Arbor.[15] The target population for community development programs encompasses the entire city for some projects and a concentrated area of activity for other projects. The concentrated area of activity includes 16 census tracts in addition to the 1 census tract that was being served by model cities.[16]

Commenting on the shift in the type of programs funded by the city under each of the two acts, Mayor Albert H. Wheeler told the Advisory Committee:

> This to me is a very clear indication that the intent of the city government [was] to eliminate model cities as an influential part of this total community development revenue sharing program, and in effect, terminate those programs that existed under model cities. (p. 58)

The mayor went on to say, "I see model cities as having been basically a people-oriented program, and delivery of services to the people." This use of program funds changed under community development, according to the mayor, and he told the Advisory Committee that he was making efforts to "get a redistribution of the money and to attempt to see that it is more community oriented." (p. 62)

Mayor Wheeler also told the Advisory Committee that program services to the poor were being reduced under the Housing and Community Development Act because the city had chosen a target population nearly five times the size of that in the model neighborhood. At the same time, according to the mayor, the city has reduced the amount of money being spent on public services. "If we are going to provide additional services to additional people [as envisioned by the act], you can't do it with the same amount or less money," he said. (p. 59)

In describing the effects of these program changes on the minority community, Mayor Wheeler told the Advisory Committee, "I would not want to say that there was anything overtly or blatantly racist [about the shift in programs], but the net effect of what happened does have some serious racial impact." (p. 81)

BENTON HARBOR-BENTON TOWNSHIP

Budget allocations for the Benton Harbor-Benton Township model cities program are shown in table 4. First-year budget allocations for the Benton Harbor (city) community development program are shown in table 5, and budget allocations for Benton Township are shown in table 6.

Under their combined model cities program, Benton Harbor and Benton Township spent funds principally for public service programs. The cumulative budget (last column on table 4) for the entire program shows that $3.25 million (69 percent of all funds) was spent for services, including education, health, social services, recreation, crime, job development, transportation, and environmental protection. The model cities program spent $320,000 on housing and housing-related physical development programs and $115,000 on relocation programs, accounting for 9 percent of the total. Remaining funds were spent on administration, citizens' participation, and evaluation activities.

Under the Housing and Community Development Act, Benton Harbor and Benton Township budgeted funds principally for physical development programs. Benton Township budgeted 57 percent of its available community development funds, $443,700 out of $778,000, for public works projects and housing rehabilitation. A total of $70,000 was budgeted for public services, accounting for 9 percent of the total funds. Benton Harbor (city) budgeted 72 percent of its community development funds for physical development projects, including acquisition of property, public works, code enforcement, clearance, rehabilitation, and relocation attributable to physical development. The city budgeted $222,301 for public service projects and the continuation of model cities projects. This amount accounts for 18 percent of the total available funds.

For comparative purposes the combined total spent by Benton Harbor and Benton Township on public services under the Housing and Community Development Act was $292,301, 15 percent of the total funds available to the two communities.

The target population served by the community development funds encompasses the entire city of Benton Harbor and the entire Township of Benton.[17] Under the model cities program, a target population encompassing the area's

TABLE 4

FORM APPROVED
BUDGET BUREAU NO. 63-R1211

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

CITY: Benton Harbor/Benton Township
CONTRACT NUMBER: MC 21-008
DATE: November, 1974
REVISED ACTION YEARS — FROM: 7-1-74 TO: 6-30-75

☐ Original Submission ☒ Revision No: 3

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS: MC GRANT	NON HUD MC FUNDS: FEDERAL	NON HUD MC FUNDS: STATE	NON HUD MC FUNDS: LOCAL	TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	255	122	20				20	397
11	Health	489	267	43				43	799
15	Social Services	320	39	232				232	591
16	Recreation – Culture	101	178	184		500		684	463
17	Crime – Delinquency	13	-0-	-0-					13
20	Manpower and Job Development	231	185						416
21	Economic and Business Development		36	35				35	71
30	Housing	160	160						320
31	Relocation	56	59						115
32	Transportation – Communication	467							467
33	Environmental Protection and Development	35	-0-	-0-					35
40	Citizen Participation	194	130	70				70	394
80	Evaluation and Information	92	72	54				54	218
	SUBTOTAL	2,413	1,248	638		500		1,138	4,299
90	Program Administration	267	133	27			5	32	427
	GRAND TOTAL	2,680	1,381	665		500	5	1,170	4,726

CLEARANCE SECTION

CITY

City of Benton Harbor/
Township of Benton

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE: 12-16-74
SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER: Raymond Thomas

SUBMISSION AUTHORIZATION:
DATE: 12-16-74
SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER: [illegible]

HUD APPROVAL

Approved Total Grant Amount : $ _____

_____ (Signature)

_____ (Date)

HUD-7046 (2-70) Previous edition is obsolete

TABLE 5

Form Approved
OMB No. 63-R1671

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☐ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT City of Benton Harbor	D. PROGRAM YEAR FROM: July 1, 1975 TO: June 30, 1976	

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	$ 40,000.00
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	317,000.00
3.	CODE ENFORCEMENT	88,296.00
4.	CLEARANCE, DEMOLITION, REHABILITATION	15,000.00
5.	REHABILITATION LOANS AND GRANTS	394,068.00
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	
8.	DISPOSITION OF REAL PROPERTY	
9.	PROVISION OF PUBLIC SERVICES	92,301.00
10.	PAYMENT OF NON-FEDERAL SHARES	
11.	COMPLETION OF URBAN RENEWAL PROJECTS	
12.	RELOCATION PAYMENTS AND ASSISTANCE	15,000.00
13.	PLANNING AND MANAGEMENT DEVELOPMENT	
14.	ADMINISTRATIVE	124,335.00
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	130,000.00
16.	SUBTOTAL	1,216,000.00
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	0
18.	TOTAL PROGRAM ACTIVITY COSTS	1,216,000.00

LINE NO.	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	$1,435,000.00	
2.	LESS DEDUCTIONS	219,000.00	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		1,216,000.00
4.	PROGRAM INCOME		0
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		0
6.	LOAN PROCEEDS		0
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		0
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		$1,216,000.00

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10-74)

heaviest concentration of minorities and poor families had been served. (pp. 169, 170)

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the differences in programming between model cities and community development. Judd Spray, director of community development for the Township of Benton, told the Advisory Committee that there were differences between the two programs and that the differences were due to the "nature of the community development act and the instructions for the application."

Mr. Spray went on to say that the new act has put cities and citizens in a dilemma:

> They would like to make the environment a better place in which to live [physical development], but at the same time they would also like to upgrade the lifestyle and add some of these amenities [public service programs] but the program just doesn't seem to stretch far enough for both of them. (p. 191)

As a result the public service programs had been cut back. The Housing and Community Development Act places emphasis on housing, rehabilitation, and public works, Mr. Spray told the Advisory Committee, and social programs are approved only in a "supporting function of rehabilitation activities." (p. 189)

Mr. Spray indicated to the Advisory Committee that the changes in the type of programs funded by the city were not due to the quality of programs operated under model cities. He commented that many of them had been "good programs" and "we regret that some of these model cities programs are phasing out."

Melvin Farmer, who directed the model cities program and then became the director of the community development program in the city of Benton Harbor, told the Advisory Committee that the differences in target populations between the two programs will reduce benefits to minorities:

> The ability of officials to respond to the needs of poor and minorities will

TABLE 6

OMB No. 63-R1171

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT Benton Township, Michigan	D. PROGRAM YEAR FROM June 1975	TO: June 1976

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	-
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	$198,700
3.	CODE ENFORCEMENT	-
4.	CLEARANCE, DEMOLITION, REHABILITATION	-
5.	REHABILITATION LOANS AND GRANTS	$245,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	-
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	-
8.	DISPOSITION OF REAL PROPERTY	-
9.	PROVISION OF PUBLIC SERVICES	-
10.	PAYMENT OF NON-FEDERAL SHARES	-
11.	COMPLETION OF URBAN RENEWAL PROJECTS	-
12.	RELOCATION PAYMENTS AND ASSISTANCE	-
13.	PLANNING AND MANAGEMENT DEVELOPMENT	$82,000
14.	ADMINISTRATIVE	$112,300
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	$ 70,000
16.	SUBTOTAL	$708,000
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	$70,000
18.	TOTAL PROGRAM ACTIVITY COSTS	$778,000

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	$981,000	
2.	LESS DEDUCTIONS	$203,000	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		$778,000
4.	PROGRAM INCOME		-
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		-
6.	LOAN PROCEEDS		-
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		-
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		$778,000

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10-74) Revised 4-21-75, 5-6-75

be strained by the elimination of target areas and the definition of the geographic bounds for a total program. In a citywide program, community development block grant funding would inherently be available to more residents, [than through the use of model neighborhood target areas] thereby decreasing the amount of funds available to concentrate strictly on problems of poverty and blight." (p. 169)

In addition, Mr. Farmer pointed out the citywide approach had increased the competition among program sponsors for available funds and that this competition "again has the effect of leaving out the poor, elderly, and less organized citizenry of the community." (pp. 169, 170)

Asked to sum up his opinion of the attitudes of the city's low- and moderate-income families toward the program changes, Silas Legg, who served as director of the Model Cities Citizens Steering Council and is now on the Benton Harbor Community Development Advisory Council, told the Advisory Committee, "They are not happy with it." (p. 257)

DETROIT

Budget allocations for the Detroit model cities program are shown in table 7, and the first-year budget for community development is shown in table 8.

Under model cities the city spent funds principally for public service programs. The cumulative totals for all funds budgeted under model cities show that $52,910,000 was spent on public services, including education, health, social services, recreation, crime prevention, job development, transportation, and environmental protection. These programs accounted for 71 percent of the total budget. The city spent $5,121,000 on physical development housing programs and $3,283,000 on relocation programs associated with housing development. These expenditures accounted for approximately 11 percent of the total budget. The remaining funds were spent on office space, administration, citizen participation, and evaluation activities.

TABLE 7

FORM APPROVED
BUDGET [illegible] 63-R1211

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

☒ Original Submission ☐ Revision No:

CITY: Detroit, Michigan
CONTRACT NUMBER: MR 21-001
DATE:
REVISED ACTION YEARS FROM: May 1, 1974 TO: June 30, 1975

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS: MC GRANT	NON HUD MC FUNDS: FEDERAL	STATE	LOCAL	TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	11,565	1,494	890				890	13,949
11	Health	10,540	2,235	2,361	1,940	300	48	4,649	15,136
15	Social Services	4,163	780	117				117	5,060
16	Recreation – Culture	4,108	470	-0-				-0-	4,578
17	Crime – Delinquency	1,506	462	-0-				-0-	1,968
20	Manpower and Job Development	3,853	706	283				283	4,842
21	Economic and Business Development	662	220	-0-				-0-	882
30	Housing	3,413	756	952				952	5,121
31	Relocation	1,539	1,027	717				717	3,283
32	Transportation – Communication	3,674	507	205				205	4,386
33	Environmental Protection and Development	2,000	109	-0-				-0-	2,109
40	Citizen Participation	1,983	759	448				448	3,190
50	Evaluation and Information	795	261	25				25	1,081
	IN Office Bldg. Savings	937	-0-	-0- (1,202)				-0- (1,202)	937 (1,202)
	SUBTOTAL	50,738	9,786	4,796	1,940	300	48	7,084	65,330
90	Program Administration	5,090	2,427	1,700			425	2,125	9,217
	GRAND TOTAL	55,828	12,213	6,496	1,940	300	473	9,209	74,537

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and backup material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION

DATE 4/29/74 | SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $ _____

(Signature)

(Date)

HUD-7014 (2-72) Previous edition is obsolete

Under the Housing and Community Development Act the city budgeted its funds principally for physical development programs, including urban renewal projects, public works, clearance, rehabilitation, and relocation payments. These programs accounted for 64 percent of the total community development budget. The amount of funding going to public services, $3,525,000,[18] accounted for 11 percent of the total budget.

Model cities funds were used in a target area of the city that included a high concentration of low-income and minority families. (p. 518) Under the Housing and Community Development Act the city has enlarged the target population; some programs serve concentrated poverty areas while others are citywide, thus encompassing a wide range of income groups.[19]

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding program differences between model cities and community development. David Nelson, assistant administrator for social planning and development of the Detroit model cities program, told the Advisory Committee:

> I think in general we will see, at least in Detroit, a shift away from social programs to physical programs in the transition process to the block grant community development program. This change I think, primarily, was mandated by the way the legislation was written. (p. 516)

Commenting on the shift in target populations, Mr. Nelson told the Advisory Committee:

> When you don't have very much money to begin with...and then you are advised that you can go citywide with that money, instead of concentrating it in the model neighborhood target area, the answer is obvious. The more you disperse your money the less impact you are going to have. (p. 518)

TABLE 8

Form Approved
OMB No. 63-R117

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT	D. PROGRAM YEAR FROM: TO:	

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	2,471,000
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	1,223,300
3.	CODE ENFORCEMENT	-0-
4.	CLEARANCE, DEMOLITION, REHABILITATION	1,724,000
5.	REHABILITATION LOANS AND GRANTS	962,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	-0-
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	-0-
8.	DISPOSITION OF REAL PROPERTY	20,000
9.	PROVISION OF PUBLIC SERVICES	2,883,100
10.	PAYMENT OF NON-FEDERAL SHARES	641,900
11.	COMPLETION OF URBAN RENEWAL PROJECTS	13,170,000
12.	RELOCATION PAYMENTS AND ASSISTANCE	1,550,000
13.	PLANNING AND MANAGEMENT DEVELOPMENT	613,800
14.	ADMINISTRATIVE	3,224,300
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	-0-
16.	SUBTOTAL	28,483,400
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	2,848,000
18.	TOTAL PROGRAM ACTIVITY COSTS	31,331,400

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	34,187,000	
2.	LESS DEDUCTIONS	2,855,600	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		31,331,400
4.	PROGRAM INCOME		-0-
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		-0-
6.	LOAN PROCEEDS		-0-
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		-0-
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		31,331,400

[illegible] Project estimates for each activity [illegible]
Table, "Detailed Estimates by Budget Line,"

88

Earl Adamaszek, who served as chairman of the citizens governing board of the Detroit model cities program, told the Advisory Committee:

> I have seen the change. I have seen the cutbacks in the various social service programs. And I have seen the effects of cutting back those programs that have as their objective alleviating the burdens of the poor and the disabilities imposed upon them in terms of having a decent human life. (p. 568)

FLINT

The model cities program in Flint was operated by Genesee County and the model neighborhood included areas of the county outside the city limits of Flint. Flint, however, received the entire model cities hold-harmless allocation because 80 percent of all model cities programs had operated within the city limits. Decisions regarding the use of model cities funds were made with the final authority of the Genesee County commissioners and decisions regarding the use of Flint's community development funds were made with final authority of the city council.

Under model cities Genesee County spent funds principally for public service programs. The fourth-year application from the county, table 9, shows that cumulatively the model cities program spent $7.8 million on services, including education, health, social services, recreation, crime prevention, job training, business development, and environmental protection. These expenditures accounted for 58 percent of the total budget. The county spent $1,238,000 on housing and housing development programs and $565,000 on relocation programs related to housing development. These expenditures accounted for 13 percent of the model cities budget. The remaining funds were spent on administration, citizens' participation, and evaluation activities.

Under the Housing and Community Development Act (table 10) the city of Flint budgeted its funds principally for physical development programs, including public works, purchase of property, clearance, rehabilitation, completion of urban renewal projects, and relocation. These programs

TABLE 9

FORM APPROVED
BUDGET BUREAU NO. 63-R1311

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

CITY: Flint

CONTRACT NUMBER: Mc - 21003

DATE:

REVISED ACTION YEARS
FROM: July 1, 1973 TO: July 31, 1974

☒ Original Submission ☐ Revision No:

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS				TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col.3+4+5)
				MC GRANT	NON HUD MC FUNDS				
					FEDERAL	STATE	LOCAL		
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	896	(1,416) 520	(1,762) 346			80	426	1,762
11	Health	337	(866) 529	(1,162) 296	700	600		1,596	1,162
15	Social Services	92	(402) 310	(521) 119		80		199	521
16	Recreation – Culture	1,442	(1,583) 141	(1,672) 89	310		57	456	1,672
17	Crime – Delinquency	630	(704) 74	(704) -0-	466			466	704
20	Manpower and Job Development	593	(1,022) 429	(1,327) 305	90			395	1,327
21	Economic and Business Development	57	(257) 200	(494) 237	207			444	494
30	Housing	852	(1,040) 188	(1,238) 198				198	1,238
31	Relocation	328	(328) -0-	(328) -0-				-0-	328
32	Transportation – Communication								
33	Environmental Protection and Development	135	(160) 25	(160) -0-				-0-	160
40	Citizen Participation	620	(1,185) 565	(1,485) 300				300	1,485
50	Evaluation and Information	59	(172) 13	(274) 102				102	274
	Additional Relocation		237	(237) -0-				-0-	237
	SUBTOTAL	6,041	(9,372) 3,331	(11,364) 1,992				4,582	11,364
90	Program Administration	1,107	(1,587) 480	(2,052) 465			116	581	2,052
	GRAND TOTAL	7,148	(10,959) 3,811	(13,416) 2,457	1,773	680	253	5,163	13,416

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION:

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $ _____

_____ (Signature)

_____ (Date)

4/73 HUD-7044 (2-70) Previous edition is obsolete

PB-5

TABLE 10

OMB No. 63-R1471

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	/ ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO. B-75-MC-28-0018
C. NAME OF APPLICANT CITY OF FLINT	D. PROGRAM YEAR FROM: TO:	

LINE NO.	E. PROGRAM ACTIVITY		AMOUNT
1.	ACQUISITION OF REAL PROPERTY		$2,861,900
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS		100,000
3.	CODE ENFORCEMENT		-0-
4.	CLEARANCE, DEMOLITION, REHABILITATION		193,000
5.	REHABILITATION LOANS AND GRANTS		100,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED		-0-
7.	PAYMENTS FOR LOSS OF RENTAL INCOME		-0-
8.	DISPOSITION OF REAL PROPERTY		-0-
9.	PROVISION OF PUBLIC SERVICES		-0-
10.	PAYMENT OF NON-FEDERAL SHARES		-0-
11.	COMPLETION OF URBAN RENEWAL PROJECTS		1,165,900
12.	RELOCATION PAYMENTS AND ASSISTANCE		1,572,900
13.	PLANNING AND MANAGEMENT DEVELOPMENT		-0-
14.	ADMINISTRATIVE		1,040,000
15.	CONTINUATION OF MODEL CITIES ACTIVITIES		-0-
16.	SUBTOTAL		7,033,700
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*		703,300
18.	TOTAL PROGRAM ACTIVITY COSTS		7,737,000[1]
	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	$8,759,000	
2.	LESS DEDUCTIONS	1,022,000	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		7,737,000
4.	PROGRAM INCOME		-0-
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		-0-
6.	LOAN PROCEEDS		-0-
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		-0-
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		7,737,000

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10-74)

accounted for 77 percent of the total available budget ($5,993,700). Flint allocated $703,300 for public service programs. This amount represents 9 percent of the total community development budget.

Target populations of the various projects in the Flint community development budget vary. Some, such as the continuation of urban renewal projects, are limited to a target area with heavy minority and low-income concentrations. Other projects, such as rehabilitation loans and land acquisition, are citywide in scope.[20]

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the changes in programming between model cities and community development. Daniel Boggan, Jr., city manager of Flint, told the Advisory Committee in his written comments:

> I believe that on a categorical basis people knew they had to deal with specific problems under model cities. However, the CDA Housing and Community Development Act of 1974 is a shotgun approach to solving urban problems. It allows the local decisionmakers to make the decision. I believe it can hamper the city's ability to deal with the needs of the poor and minority community if not properly focused.
>
> To the extent that the municipal officials are committed to deal with urban problems the Housing and Community Development Act of 1974 provides a mechanism to do so. However, to the extent that those officials are not committed, the act also provides them enough leeway to do other things that would be beneficial to the community but not necessarily to the poor and minority.[21]

Gloria Grant, representing the Genesee County model cities agency, told the Advisory Committee that programs of the type funded under model cities, "seem to be headed for oblivion. All services will be terminated and a void will exist in the model cities community. The termination will

affect approximately 27,000 residents of which 79.1 percent are minorities." (pp. 270, 271)

According to Ms. Grant, the difference in target populations between the two programs means that community development funds will have "no significant impact" on certain "blighted, poverty, and minority concentrated areas." (p. 275) Funds that previously went into these model neighborhood areas are now being used to "beef up the urban renewal areas and the city's administrative budget," Ms. Grant said. "This has been accomplished at the expense of the model cities areas which contained a high minority concentration." (p. 275)

GRAND RAPIDS

Budget allocations for the Grand Rapids model cities program are shown in table 11, and the first-year budget for community development is shown in table 12.

Under model cities Grand Rapids spent funds principally for public service programs. Of the total funds budgeted through June 30, 1975, $4.4 million was spent on public service programs, including education, health, social services, recreation, crime prevention, job development, economic development, transportation, and environmental protection. These expenditures accounted for 56 percent of the total budget. The city spent $220,000 on housing development and $298,000 on relocation projects associated with housing development. These expenditures accounted for 7 percent of the total budget. The remaining funds were spent for administration, citizen participation, audits, and evaluation activities.

Under the Housing and Community Development Act, Grand Rapids budgeted funds principally for physical development programs, including public works, acquisition of property, code enforcement, clearance, rehabilitation, and relocation. A total of $3.9 million was budgeted for these projects, accounting for 81 percent of the total available budget. The city budgeted $285,000 for continuation of model cities public service programs, and an additional $141,000 from the "local option" category was later placed in the public service category for a total of $426,000. This amount accounted for 9 percent of the total available community development budget.

FORM APPROVED BUDGET BUREAU NO. 63-R1211

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

☐ Original Submission ☒ Revision No:

CITY: Grand Rapids, Michigan
CONTRACT NUMBER: ME-21005
DATE: 11/19/74
REVISED ACTION YEARS FROM: 1/1/73 TO: 6/30/75

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS: MC GRANT	NON HUD MC FUNDS: FEDERAL	STATE	LOCAL	TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	335	161	0					496
11	Health	382	403	103					888
15	Social Services	230	18	0					248
16	Recreation – Culture	35	4	0					39
17	Crime – Delinquency	253	23	0					276
20	Manpower and Job Development	468	610	0					1078
21	Economic and Business Development	655	588	0					1243
30	Housing	205	15	0					220
31	Relocation	298	0	0					298
32	Transportation – Communications	117	0	0					117
33	Environmental Protection and Development	33	10	0					43
40	Citizen Participation	857	607	79					1543
50	Evaluation and Information	35	0	0					35
	Audits	27	63	0					90
	SUBTOTAL	3930	2502	182					6614
90	Program Administration	516	632	64					1212
	GRAND TOTAL	4446	3134	246					7826

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and back up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE: 11/18/74 SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION:

DATE: 11/18/74 SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $_____

(Signature)

(Date)

HUD-7044 (2-70) Previous editions obsolete

OMB No. 63-R147

TABLE 12

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT City of Grand Rapids, Michigan	D. PROGRAM YEAR FROM: July 1, 1975 TO: June 30, 1976	

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	379,400
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	1,522,000
3.	CODE ENFORCEMENT	215,000
4.	CLEARANCE, DEMOLITION, REHABILITATION	403,700
5.	REHABILITATION LOANS AND GRANTS	1,000,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	0
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	0
8.	DISPOSITION OF REAL PROPERTY	6,000
9.	PROVISION OF PUBLIC SERVICES	0
10.	PAYMENT OF NON-FEDERAL SHARES	114,000
11.	COMPLETION OF URBAN RENEWAL PROJECTS	0
12.	RELOCATION PAYMENTS AND ASSISTANCE	364,500
13.	PLANNING AND MANAGEMENT DEVELOPMENT	140,000
14.	ADMINISTRATIVE	448,000
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	285,000
16.	SUBTOTAL	4,877,600
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	218,000
18.	TOTAL PROGRAM ACTIVITY COSTS	5,095,600[1]

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	4,815,000	
2.	LESS DEDUCTIONS		
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		4,815,000
4.	PROGRAM INCOME		280,600
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		
6.	LOAN PROCEEDS		
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		5,095,600

[1] ☒ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

Under model cities, all program funds were spent in a target area of the city that had a heavy concentration of low-income and minority families. Under community development, some projects continue to be targeted to specific areas of the city while others are citywide in scope.[22]

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the changes in programming between the two acts. Ora Spady, Grand Rapids model cities director, told the Advisory Committee that even prior to the implementation of the Housing and Community Development Act, the community became aware that the types of programs funded through model cities would no longer be supported by the city:

> For the last two years...we have attempted to try to get State and other Federal funding to continue some of our social programs because basically I think we faced the reality at the local level, especially in the planning process, that very few funds would be spent out of community development for the continuation of social programs. (p. 808)

Regarding the change in target populations, Mr. Spady told the Advisory Committee:

> When we begin to compare the geographical area that the model cities funds were allocated for versus the community development funds, which is citywide, then we will see that the percentage of impact would be much less through community development than through the geographical target area of the model cities program. It means that the impact no longer exists because you have to begin to give priority on a citywide basis. (pp. 805, 810)

Wilbur Warren was a member of the Grand Rapids Model Neighborhood Citizens Committee and president of the National Citizens Participation Council, an organization

that linked together the citizens' participation organizations of 145 model cities programs throughout the country. He told the Advisory Committee that the community development programs, "will not serve the needs of low- and moderate-income and lower-income persons of the identifiable segments of the community. Nor does the local plan...reflect the best interest of racial minorities or those of the low- and moderate-income population of Grand Rapids." (p. 843)

Armond Robinson, who served as executive director of the model neighborhood citizens committee, noted that changes brought about by the implementation of the Housing and Community Development Act will "revert the methods of doing business back to the pre-1966 era; which said that local city government knows best." Mr. Robinson went on to say, "This will further result in the near extinction of those software type services which model cities provided to the community...." (p. 855)

HIGHLAND PARK

Budget allocations for the Highland Park model cities program are shown in table 13, and the first-year budget for community development is shown in table 14.

Under model cities the city spent funds principally for public service programs. The cumulative budget for all funds spent under model cities shows that $5.3 million was spent on public service programs, including education, health, social services, recreation, crime prevention, job development, and economic development. These programs accounted for 61 percent of the budget. The city spent $512,000 on housing-related programs. This total accounted for 6 percent of the budget. Remaining funds were spent on administration, citizens' participation, and evaluation activities.

Under the Housing and Community Development Act the city budgeted its funds principally for physical development programs, including acquisition of property, public works, code enforcement, clearance, rehabilitation, completion of urban renewal projects, and relocation assistance. These programs accounted for 66 percent of the budget. The amount of funding going to the provision of public services, $284,615, accounted for 7 percent of the total available budget.

TABLE 13

FORM APPROVED
BUDGET BUREAU NO. 63-R1211

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

CITY: Highland Park
CONTRACT NUMBER: MD21-002
DATE: 9-23-74
REVISED ACTION YEARS — FROM: 7-1-74 TO: 3-31-75

☐ Original Submission ☐ Revision No:

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS: MC GRANT	NON HUD MC FUNDS: FEDERAL	STATE	LOCAL	TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	589	84	13		35		48	686
11	Health	864	224	69		124		193	1,157
15	Social Services	1,253	203	164	88	302	11	565	1,620
16	Recreation – Culture	493	158	121		42	49	212	772
17	Crime – Delinquency	444	57	15				15	516
20	Manpower and Job Development	195	203	113				113	511
21	Economic and Business Development		22	6				6	28
30	Housing	298	140	74				74	512
31	Relocation								
32	Transportation – Communication								
33	Environmental Protection and Development								
40	Citizen Participation	483	165	113				113	761
50	Evaluation and Information	365	79	58				58	502
	BOB A-87	177	48	37				37	262
	SUBTOTAL	5,161	1,383	783	88	503	60	1,434	7,527
90	Program Administration	1,048	254	115			29	144	1,417
	GRAND TOTAL	6,209	1,637	898	88	503	89	1,578	8,794

CLEARANCE SECTION

CITY

*The total MC Grant Funds of $896, column 5, includes $397, FY-75 HCD Act Funds, which will be spent after the MC Grant of $499, is exhausted.

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION:

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $ _____

(Signature)

(Date)

HUD-7081 (4-70) Previous edition is obsolete

TABLE 14

Form Approved
OMB No. 63-R1471

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT City of Highland Park	D. PROGRAM YEAR FROM TO:	

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1	ACQUISITION OF REAL PROPERTY	885,900
2	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	325,000
3	CODE ENFORCEMENT	134,000
4	CLEARANCE, DEMOLITION, REHABILITATION	248,900
5	REHABILITATION LOANS AND GRANTS	720,000
6	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	0
7	PAYMENTS FOR LOSS OF RENTAL INCOME	5,000
8	DISPOSITION OF REAL PROPERTY	10,000
9	PROVISION OF PUBLIC SERVICES	284,615
10	PAYMENT OF NON FEDERAL SHARES	83,000
11	COMPLETION OF URBAN RENEWAL PROJECTS	90,815
12	RELOCATION PAYMENTS AND ASSISTANCE	440,600
13	PLANNING AND MANAGEMENT DEVELOPMENT	75,391
14	ADMINISTRATIVE	940,252
15	CONTINUATION OF MODEL CITIES ACTIVITIES	0
16	SUBTOTAL	4,243,473
17	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	106,255
18	TOTAL PROGRAM ACTIVITY COSTS	4,349,728

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1	ENTITLEMENT AMOUNT	5,017,000	
2	LESS DEDUCTIONS	667,272	
3	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		4,349,728
4	PROGRAM INCOME		0
5	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		0
6	LOAN PROCEEDS		0
7	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		0
8	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		4,349,728

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10-74)

Under model cities Highland Park concentrated the expenditure of funds to a target area population encompassing a large portion of low-income and minority families. Under community development the city continued to use the target population approach for some projects while others were funded on a citywide basis.[23]

LANSING

Budget allocations for the Lansing model cities program are shown in table 15, and the first-year budget for community development is shown in table 16.

Under model cities the city spent its funds principally for public service programs, including education, health, social services, recreation, crime prevention, job development, economic development, transportation, and environmental protection. A total of $7.8 million was spent on these services during the 5 years of the program, accounting for 49 percent of the budget. The city spent $3 million on housing development and $800,000 on relocation related to housing development. These programs accounted for 24 percent of the total budget. The remaining funds were spent for administration, citizen participation, planning, and evaluation activities.

Under community development Lansing budgeted its funds principally for physical development activities, including acquisition of property, public works, code enforcement, clearance, rehabilitation, and relocation. A total of $3,556,565 was budgeted for these programs, accounting for 58 percent of the budget. The city budgeted $1,009,490 for the provision of public services, including the continuation of model cities public service programs.[24] These budget figures represent 16 percent of the total funds available.

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding the program differences between the two acts. Mayor Gerald Graves told the Advisory Committee:

> Community development is not a model cities program written in different terms. It is a pronounced change from an emphasis on social service programs to the concept that these programs are only valuable if they are instituted to

TABLE 15

FORM APPROVED

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

CITY: Lansing, Michigan

CONTRACT NUMBER: MI 21-006

DATE:

REVISED ACTION YEARS FROM:

TO:

XX Original Submission ☐ Revision No:

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS				TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+7)
				MC GRANT	NON HUD MC FUNDS				
					FEDERAL	STATE	LOCAL		
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	813,541	241,365	143,012				143,012	1,197,918
11	Health	806,491	154,375	134,456				134,456	1,095,322
15	Social Services	1,337,775	81,865	95,063				95,063	1,514,703
16	Recreation – Culture	236,895	62,738	51,334				51,334	351,017
17	Crime – Delinquency	892,910	310,067	96,013				96,013	1,298,990
20	Manpower and Job Development	106,832	91,262	156,970				156,970	355,064
21	Economic and Business Development	573,478	60,674	72,248				72,248	706,400
30	Housing	2,722,866	155,261	80,803				80,803	2,958,930
31	Relocation	341,437	142,312	350,554				350,554	834,303
32	Transportation – Communication	339,532	127,611	70,346				70,346	537,489
33	Environmental Protection and Development	622,029	49,119	50,383				50,383	721,531
40	Citizen Participation	964,034	30,961	88,399				88,399	1,083,394
50	Evaluation and Information	925,837	34,733	95,903				95,903	1,056,473
60	Planning	533,126	14,529	70,910				70,910	618,565
70	Finance	280,336	66,561	31,820				31,820	378,717
	SUBTOTAL	11,497,119	1,623,483	1,588,214				1,588,214	14,708,816
90	Program Administration	721,881	321,517	284,786				284,786	1,328,184
	GRAND TOTAL	12,219,000	1,945,000	1,873,000				1,873,000	16,037,000

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER

SUBMISSION AUTHORIZATION:

DATE | SIGNATURE AND TITLE OF CITY'S CHIEF EXECUTIVE OFFICER

HUD APPROVAL

Approved Total Grant Amount : $ _____

(Signature)

(Date)

HUD-7044 (7-70) Previous edition is obsolete

TABLE 16

OMB No. 63-R149

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☐ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT CITY OF LANSING	D. PROGRAM YEAR FROM: JULY 1, 1975	TO: JUNE 30, 1976

LINE NO.	E. PROGRAM ACTIVITY	AMOUNT
1.	ACQUISITION OF REAL PROPERTY	$ 425,464
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS	2,034,302
3.	CODE ENFORCEMENT	74,000
4.	CLEARANCE, DEMOLITION, REHABILITATION	21,000
5.	REHABILITATION LOANS AND GRANTS	576,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED	-0-
7.	PAYMENTS FOR LOSS OF RENTAL INCOME	-0-
8.	DISPOSITION OF REAL PROPERTY	-0-
9.	PROVISION OF PUBLIC SERVICES	475,328
10.	PAYMENT OF NON-FEDERAL SHARES	-0-
11.	COMPLETION OF URBAN RENEWAL PROJECTS	-0-
12.	RELOCATION PAYMENTS AND ASSISTANCE	425,800
13.	PLANNING AND MANAGEMENT DEVELOPMENT	309,038
14.	ADMINISTRATIVE	244,668
15.	CONTINUATION OF MODEL CITIES ACTIVITIES	1,095,000
16.	SUBTOTAL	5,680,600
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*	508,400
18.	TOTAL PROGRAM ACTIVITY COSTS	$6,189,000

	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	$6,967,000	
2.	LESS DEDUCTIONS	778,000	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		$6,189,000
4.	PROGRAM INCOME		-0-
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		-0-
6.	LOAN PROCEEDS		-0-
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		-0-
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		$6,189,000

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10 74)

(REVISED 5/22/75)

> support a primary thrust of physical development, particularly in the area of housing. (p. 429)

Mayor Graves told the Advisory Committee he was optimistic about the ability of the new legislation to provide programs for the needs of the poor and for minorities. However, he warned, "The intention of Congress can all too readily be subverted by bureaucratic meddling by HUD and other Federal departments and activities of local government." (pp. 430, 431)

Ralph Cascarilla, acting community development director of Lansing, told the Advisory Committee that:

> Social services were basically an add-on provision in this legislation to assist in the rehabilitation of housing and the effective utilization of physical improvements. I don't think anyone would maintain that physical improvement must not be supported by a certain degree of social service programs. However, that is not the primary emphasis of the new community development program. (p. 435)

As a result of the legislation, Mr. Cascarilla noted, a clear change in programming in Lansing has occurred; a deemphasis on social services and an increased emphasis on public improvements. (p. 437)

Harry Smith, a member of the executive committee of the Model Cities Policy Board in Lansing, told the Advisory Committee that the Housing and Community Development Act has been interpreted as "essentially a piece of 'bricks and mortar' legislation, with a heavy emphasis upon physical rather than social service projects." Mr. Smith noted, however, that this shift in program emphasis had been done at the expense of the social service projects developed under model cities, and at the expense of providing citizens with a meaningful role in the development of local public policy. (p. 399)

SAGINAW

Budget allocations for the Saginaw model cities program are shown in table 17, and the first-year budget for community development is shown in table 18.

Under model cities the city spent funds principally for public service programs, including education, health, social services, recreation, crime prevention, job development, transportation, and environmental protection. Expenditures on these programs totaled $3.7 million throughout the life of the program, accounting for 73 percent of the total funds spent. The city spent $380,000 for housing development programs and $38,000 on relocation associated with housing development. These expenditures accounted for 8 percent of the total budget. The remaining funds were spent on administration, citizens' participation, and evaluation activities.

Under the Housing and Community Development Act the city budgeted its funds principally for physical development programs, including public works, property acquisition, code enforcement, clearance, rehabilitation, relocation, and a loan guarantee for public works project. These programs totaled $1,908,800, accounting for 60 percent of the budget. Expenditures for public service programs and the continuation of model cities public service programs totaled $810,500,[25] accounting for 26 percent of the available budget.

Under model cities funds were spent in a concentrated target area of the city, census tracts 1, 2, 3, 4, and 5, which included 42.3 percent of the minority families living in Saginaw and 39.2 percent of the families with poverty-level incomes. Under community development most of the programs have been expanded and the programs have the entire city as their target population. Seven out of eight model cities public services programs continued by the city expanded to cover the entire city.[26]

In testimony before the Michigan Advisory Committee, witnesses expressed their opinions regarding program differences between model cities and community development. Terry Pruitt, director of Saginaw's model cities program, told the Advisory Committee:

TABLE 17

FORM APPROVED
BUDGET BUREAU NO. 63-R1211

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CITY DEMONSTRATION AGENCY BUDGET

BUDGET SUMMARY

CITY: Saginaw, Michigan
CONTRACT NUMBER: ME-21-004
DATE: 8/6/74
REVISED ACTION YEARS FROM: 7/1/74 TO: 12/31/74

☐ Original Submission ☒ Revision No: 3

(ALL FIGURES IN THOUSANDS ROUNDED TO THE NEAREST THOUSAND)

CATEGORY CODE NUMBER	PROGRAM CATEGORY	PRIOR YEARS MC GRANT FUNDS	CURRENT APPROVED BUDGET, MC GRANT FUNDS	REQUESTED FUNDS: MC GRANT	NON HUD MC FUNDS: FEDERAL	STATE	LOCAL	TOTAL (Col. 5+6)	CUMULATIVE TOTAL MC GRANT FUNDS (Col. 3+4+5)
(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(6c)	(7)	(8)
10	Education	1066	51	33				33	1150
11	Health	148	105	32				32	285
15	Social Services	864	325	73				73	1262
16	Recreation – Culture	31							31
17	Crime – Delinquency	183	21	3				3	207
20	Manpower and Job Development	82	27	28				28	137
21	Economic and Business Development	25	275	99				99	399
30	Housing		254	126				126	380
31	Relocation	16		22				22	38
32	Transportation – Communication	78							78
33	Environmental Protection and Development	104							104
40	Citizen Participation	261	84	15				15	360
50	Evaluation and Information	56							56
	SUBTOTAL	2914	1142	431				431	4487
90	Program Administration	406	170	5				5	581
	GRAND TOTAL	3320	1312	436				436	5068

CLEARANCE SECTION

CITY

It is hereby certified that City budgeting practices have been followed and that all justifications and back-up material required by City practice and by HUD is on file with the City and is available for inspection pursuant to the Grant Agreement.

DATE: 8-13-74 SIGNATURE AND TITLE OF CITY'S CHIEF FISCAL OFFICER: E. Hoolander

SUBMISSION AUTHORIZATION:

DATE: 13 Aug 74 SIGNATURE AND TITLE OF CHIEF EXECUTIVE OFFICER: [illegible]

HUD APPROVAL

Approved Total Grant Amount : $ _____

_____ (Signature)

_____ (Date)

HUD-7044 (2-70) Previous edition is obsolete

Ittal Notice CDA-36 HUD-Wash., D.C. page 1 3/70

Form Approved
OMB No. 63-R1471

TABLE 18

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BUDGET	A. ☒ ORIGINAL ☐ AMENDMENT	B. APPLICATION NO.
C. NAME OF APPLICANT City of Saginaw, Michigan	D. PROGRAM YEAR FROM: TO:	

LINE NO.	E. PROGRAM ACTIVITY		AMOUNT
1.	ACQUISITION OF REAL PROPERTY		$325,000
2.	PUBLIC WORKS, FACILITIES, SITE IMPROVEMENTS		175,000
3.	CODE ENFORCEMENT		150,000
4.	CLEARANCE, DEMOLITION, REHABILITATION		45,000
5.	REHABILITATION LOANS AND GRANTS		150,000
6.	SPECIAL PROJECTS FOR ELDERLY AND HANDICAPPED		0
7.	PAYMENTS FOR LOSS OF RENTAL INCOME		9,000
8.	DISPOSITION OF REAL PROPERTY		4,500
9.	PROVISION OF PUBLIC SERVICES		238,000
10.	PAYMENT OF NON-FEDERAL SHARES		0
11.	COMPLETION OF URBAN RENEWAL PROJECTS		0
12.	RELOCATION PAYMENTS AND ASSISTANCE		200,000
13.	PLANNING AND MANAGEMENT DEVELOPMENT		48,000
14.	ADMINISTRATIVE		260,000
15.	CONTINUATION OF MODEL CITIES ACTIVITIES		716,700
16.	SUBTOTAL		2,320,700
17.	CONTINGENCIES AND/OR UNSPECIFIED LOCAL OPTION ACTIVITIES *(Not to exceed 10% of line 16)*		0
18.	TOTAL PROGRAM ACTIVITY COSTS		2,321,700 [1]
	F. RESOURCES FOR PROGRAM ACTIVITY COSTS		
1.	ENTITLEMENT AMOUNT	$3,608,000	
2.	LESS DEDUCTIONS Model Cities Transitional Funds $436,000 Loan Guarantee 850,300	1,286,300	
3.	ENTITLEMENT AVAILABLE FOR BUDGET ACTIVITIES		2,321,700
4.	PROGRAM INCOME		0
5.	SURPLUS FROM URBAN RENEWAL PROJECT SETTLEMENT		0
6.	LOAN PROCEEDS		1,768,000
7.	UNOBLIGATED FUNDS - PRIOR PROGRAM YEAR		0
8.	TOTAL RESOURCES FOR PROGRAM ACTIVITY COSTS		4,090,000

[1] ☐ *Check box if costs include indirect costs which require approval of a cost allocation plan as required by Federal Management Circular 74-4.*

HUD - 7015.5
(10-74)

111

> I think it is important to understand that the model cities program started out as being a demonstration program, and a program--at least in our community--specifically directed at the minority community and at human service programs. The new legislation [community development] shifts to more physical development programming rather than human services programming. I think there is going to be a very definite impact on some of the kinds of programs, and the things that we have been doing as part of our model cities program, just by the very nature of the [new] legislation. (p. 612)

In addition to the shift in the type of programs funded, Mr. Pruitt noted a shift in the target populations receiving benefits from the funds:

> In terms of numbers, the model neighborhood area in Saginaw was comprised of some 15,000 people, I would expect that probably 95-96 percent of those people were black. So you can see that the model cities program in Saginaw was most definitely directed at the minority community as opposed to the total community [as under community development] which is about 95,000 or so and somewhere around 25 to 30 percent minority. So, in terms of programming citywide, there is a basic watering down of our programs. (pp. 613, 614)

Howard Sheltraw, director of community development for Saginaw, told the Advisory Committee that many of the community development programs continued to serve target populations of poor and minority families, and that those programs which were expanded continued to serve people with needs. "I don't see any particular problem with it [shifting the target population]. We're [going] from a population with 90 percent minority composition down to a population with about 50 percent minority composition. They

are [all] affected by the neighborhood deterioration that is going on." (p. 655)

USE OF HUD FUNDS

The Housing and Community Development Act of 1974 is a consolidation of eight U.S. Department of Housing and Urban Development programs that were in existence during the years 1968-72. These eight categorical programs provided Federal funds to cities on an application basis for use in attacking pressing urban problems. One of those programs, model cities, provided funds for either physical improvement projects or public service programs. The other seven programs--urban renewal, historic preservation, open space and urban beautification, neighborhood facilities grants, rehabilitation loans, and public facility loans--provided funds for physical improvement projects.

During the first year of the Housing and Community Development Act, cities were entitled to receive a block of funds equal to the average yearly funds they had received from the eight HUD programs during the years 1968-72.

In order to determine what, if any, differences there were in the way cities used their community development funds as compared to funds available under the eight categorical programs, the Michigan Advisory Committee analyzed the funding choices made by cities both before and after passage of the 1974 act.

Since model cities offered communities the "widest discretion" in funding choices of any of the eight categorical programs and because citizens' participation was a required element of the model cities decisionmaking process, the Advisory Committee has paid particular attention to the relative proportion of HUD funds going to those programs chosen under model cities. The Advisory Committee has then sought to determine if those same types of programs were funded in relatively the same proportion under community development as they had been funded during the years 1968-72.

The Advisory Committee has assumed, for the purpose of this analysis, that model cities was the principal program, of the eight categorical programs, that provided funding for public service programs such as health, education, and job development. In its analysis the Advisory Committee has

TABLE 19

City Ann Arbor

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	2,475,000	100%	2,476,000	100%	
Public Service Programs-Total	721,825	29%	660,750	27%	- 8.5%
Public Service Programs by Category					
Education	133,825		0		- 100%
Health	175,850		183,650		+ 4%
Social Service	125,750		163,350		+ 30%
Recreation/ Culture	80,400		148,500		+ 85%
Crime/ Delinquency	102,750		65,250		- 37%
Manpower/Job Development	36,000		0		- 100%
Economic/Business Development	0		100,000		+
Transportation/ Communication	57,250		0		- 100%
Environmental Protection and Development	10,000		0		- 100%

TABLE 20

City Benton Harbor/Benton Township

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	2,416,000	100%	1,994,000*	100%	- 17%
Public Service Programs-Total	813,000	34%	292,000	15%	- 64%
Public Service Programs by Category					
Education	99,250		0		- 100%
Health	199,750		97,000		- 51%
Social Service	147,750		40,000		- 73%
Recreation/ Culture	115,750		103,000		- 11%
Crime/ Delinquency	3,250		0		- 100%
Manpower/Job Development	104,000		0		- 100%
Economic/Business Development	17,750		10,000		- 44%
Transportation/ Communication	116,750		42,000		- 64%
Environmental Protection and Development	8,750		0		- 100%

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

tabulated all non-model cities funds as "physical development" money and has added to that total all model cities funds used for housing and programs related to housing development. The tables following use "average-year" dollar figures for model cities spending. These figures were reached by dividing the total cumulative budgets (see tables in previous portion of this section) by the number of years the program was in existence.

This portion of the study also breaks down each city's total public service budget into program categories such as education, crime prevention, and health care. These funding levels are then compared with funding levels under the community development act to determine if cities have altered the amount or proportion of funding from what it had been during the years 1968-72.

Ann Arbor received an average of $2,475,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act (see table 19). The Ann Arbor model cities program allocated an average of $721,825 a year to public service programs, accounting for 29 percent of all the consolidated HUD funds spent in the city. The budget for community development shows that $660,750 has been allocated to public services. This figure represents 27 percent of the total available budget and is an 8.5 percent decrease in the amount of HUD funding being spent on public service programs in the city. Changes in specific program categories are shown in table 19.

Benton Harbor and Benton Township received an average of $2,416,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act (see table 20). The Benton Harbor-Benton Township model cities programs allocated an average of $813,000 a year to public service programs, accounting for 34 percent of the consolidated HUD funds spent in the two communities. The budget for community development shows that the two communities allocated $292,000 for public service programs. This figure represents 15 percent of the total available community development funds and is a 64 percent decrease in the amount of HUD funding being spent on public service programs in the community. Changes in specific program categories are shown in table 20.

TABLE 21

City Detroit

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	34,101,000		*31,331,400		- 8%
Public Service Programs-Total	10,582,000	31%	3,525,000	11%	- 67%
Public Service Programs by Category					
Education	2,789,800		0		- 100%
Health	3,027,200		3,050,000		+ 1%
Social Service	1,012,000		0		- 100%
Recreation/ Culture	915,600		100,000		- 89%
Crime/ Delinquency	393,600		88,000		- 78%
Manpower/Job Development	968,400		0		- 100%
Economic/Business Development	176,400		0		- 100%
Transportation/ Communication	877,200		287,000		- 67%
Environmental Protection and Development	421,800		0		- 100%

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

TABLE 22

City Flint

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	8,715,200		7,737,000*		- 11%
Public Service Programs-Total	1,560,400	18%	703,300	9%	- 55%
Public Service Programs by Category					
Education	352,400		Not Available		
Health	232,400				
Social Service	104,200				
Recreation/ Culture	334,400				
Crime/ Delinquency	140,800				
Manpower/Job Development	265,400				
Economic/Business Development	98,800				
Transportation/ Communication	0				
Environmental Protection and Development	32,000				

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

Detroit received an average of $34,101,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act of 1974 (see table 21). The Detroit model cities program allocated an average of $10,582,000 a year to public service programs, accounting for 31 percent of the consolidated HUD funds spent in the city. The community development budget for Detroit shows the city allocated $3,525,000 for public service programs. This figure represents 11 percent of the total available community development budget and is a 67 percent reduction in the amount of HUD funds being spent on public service programs in the city. Changes in specific program categories are shown in table 21.

Flint received an average of $8,715,200 in HUD funding during the years 1968-72 (see table 22). This figure includes 80 percent of the average model cities funds (Genesee County, which operated the model cities program, spent approximately 80 percent of the program's funds in the city of Flint), plus the average of the other seven consolidated programs. The model cities program spent an average of $1,560,400 a year in Flint on public service programs, accounting for 18 percent of the consolidated HUD funds expended in the city.

The budget for community development shows that no money has specifically been allocated to public service programs. However, the city has indicated that up to $703,300 of its "contingency" fund might be spent for public services. This figure represents 9 percent of the available community development budget and a 55 percent reduction in the amount of HUD funds being spent on public service programs in the city of Flint. Since allocations of the contingency funds have not yet been made, no comparison of individual program categories is possible.

Grand Rapids received an average of $4,762,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act of 1974 (see table 23). The Grand Rapids model cities program allocated an average of $1,107,000 for public service programs, accounting for 23 percent of the consolidated HUD funds spent in the city. The community development budget for the city shows an allocation of $285,000 for continuation of model cities public service programs, and an additional $141,000 from the "contingency" fund was allocated to public service programming after submission of

TABLE 23

City Grand Rapids

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	4,762,000		4,762,000		
Public Service Programs-Total	1,107,000	23%	426,000	9%	- 62%
Public Service Programs by Category					
Education	124,000		80,000		- 36%
Health	222,000		341,000		+ 54%
Social Service	62,000		0		- 100%
Recreation/ Culture	9,750		5,000		- 49%
Crime/ Delinquency	69,000		0		- 100%
Manpower/Job Development	269,500		0		- 100%
Economic/Business Development	310,750		0		- 100%
Transportation/ Communication	29,250		0		- 100%
Environmental Protection and Development	10,750		0		- 100%

TABLE 24

City Highland Park

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	5,017,000		4,349,728*		- 13%
Public Service Programs-Total	1,058,000	21%	284,615	7%	- 73%
Public Service Programs by Category					
Education	137,200		0		- 100%
Health	231,400		68,615		- 70%
Social Service	324,000		196,000		- 40%
Recreation/ Culture	154,400		0		- 100%
Crime/ Delinquency	103,200		20,000		- 81%
Manpower/Job Development	102,200		0		- 100%
Economic/Business Development	5,600		0		- 100%
Transportation/ Communication	0		0		
Environmental Protection and Development	0		0		

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

the original budget to HUD. These funds represent 9 percent of the total community development budget and a 62 percent reduction in the amount of HUD funding going to public service programs in the city. Changes in specific program categories are shown in table 23.

Highland Park received an average of $5,017,000 a year in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act (see table 24). The Highland Park model cities program allocated an average of $1,058,000 for public service programs, accounting for 21 percent of the consolidated HUD funds spent in the city. The community development budget for Highland Park shows the city allocated $284,615 for public service programs. This figure represents 7 percent of the total available community development budget and a 73 percent reduction in the amount of HUD funding going to public service programs. Changes in specific program categories are shown in table 24.

Lansing received an average of $6,967,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act of 1974 (see table 25). The Lansing model cities program spent an average of $1,555,954 on public service programs, accounting for 22 percent of the consolidated HUD funds spent in the city. The budget for community development shows that $1,009,490 was allocated for public service programs. This figure represents 16 percent of the total available community development funds and a 35 percent reduction in the amount of HUD funding going to public service programs in the city. Changes in specific program areas are shown in table 25.

Saginaw received an average of $3,608,000 in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act of 1974 (see table 26). The Saginaw model cities program spent an average of $860,331 a year on public service programs, accounting for 24 percent of the total consolidated HUD funds spent in the city. The community development budget for Saginaw shows the city allocated $810,500 for public service programs, including the continuation of model cities public service programs. This figure represents 26 percent of the community development budget and a 6 percent reduction in the amount of HUD funding going to public

TABLE 25

City Lansing

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	6,967,000		6,189,000*		- 11%
Public Service Programs-Total	1,555,954	22%	1,009,490	16%	- 35%
Public Service Programs by Category					
Education	239,584		74,500		- 69%
Health	219,064		345,000		+ 58%
Social Service	302,941		160,000		- 47%
Recreation/ Culture	70,203		84,826		+ 21%
Crime/ Delinquency	259,798		295,164		+ 14%
Manpower/Job Development	71,280		0		- 100%
Economic/Business Development	141,280		50,000		- 65%
Transportation/ Communication	107,498		0		- 100%
Environmental Protection and Development	144,306		0		- 100%

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

TABLE 26

City Saginaw

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	3,608,000		3,172,000*		- 12%
Public Service Programs-Total	860,331	24%	810,500	26%	- 6%
Public Service Programs by Category					
Education	355,333		162,000		- 54%
Health	49,333		50,000		+ 1%
Social Service	288,000		360,000		+ 25%
Recreation/ Culture	10,333		** 0		- 100%
Crime/ Delinquency	61,000		0		- 100%
Manpower/Job Development	27,333		0		- 100%
Economic/Business Development	8,333		225,000		+ 260%
Transportation/ Communication	26,000		0		- 100%
Environmental Protection and Development	34,666		13,500		- 61%

*Reduction from 1968-1972 average is due to funds granted to the city by the Department of Housing and Urban Development during the transition period. This figure represents the total funds available to the city for the first year of Community Development activity.

**Howard Sheltraw, director of the Saginaw Department of Community Development suggested that the Advisory Committee include $230,000 in this category which the city intends to use for land acquisition and public works projects having to do with parks. The U.S. Department of Housing and Urban Development in its "Grantee Performance Report" /HUD-4087(1-76)/ defines such projects as "physical" development, not public service.

TABLE 27

City Totals All Cities

	Average Annual DHUD Funding 1968-1972	Percent of Total	First Year HCD Act Funding	Percent of Total	Percent Change (Increase = + Decrease = -)
Total	68,061,200		62,011,128*		- 9%
Public Service Programs-Total	18,258,510	27%	7,711,655**	12%	- 58%
Public Service Programs by Category					
Education	4,231,392		316,500		- 93%
Health	4,356,997		4,135,265		- 5%
Social Service	2,366,641		919,350		- 61%
Recreation/ Culture	1,690,836		441,326		- 74%
Crime/ Delinquency	1,133,398		468,414		- 59%
Manpower/Job Development	1,844,113		0		- 100%
Economic/Business Development	758,913		385,000		- 49%
Transportation/ Communication	1,213,948		329,000		- 73%
Environmental Protection and Development	662,272		13,500		- 98%

*Reduction due to advance funds granted to cities. The $62,011,128 represents the total funds available to cities for the first year of Community Development activity.

**Includes $703,300 which the city of Flint may use for Public Service Programs. Since these funds have not yet been allocated to specific programs, they have not been included in the "Public Service Programs by Category" computations.

service programs in the city. Changes in specific program categories are shown in table 26.

As a whole, Michigan's eight model cities communities received an annual average of $68 million in HUD funding during the years 1968-72 for those programs consolidated in the Housing and Community Development Act of 1974 (see table 27). The eight cities spent an average of $18 million a year on public service programs, accounting for 27 percent of the consolidated HUD funds spent in the cities.

As a whole, the model cities communities received $62 million in funding for the first year of community development programming.[27] Of this amount, $7,711,655 was allocated for public service programs. This figure represents 12 percent of the total available community development funds and a $10 million reduction in the amount of HUD funding going to public service programs in these eight cities. The reduction represents a 58 percent cut in public service program budgets.

HUD COMMENTS ON PROGRAMMING DECISIONS

Representatives of the U.S. Department of Housing and Urban Development testified before the Michigan Advisory Committee to the U.S. Commission on Civil Rights regarding the differences in programming decisions resulting from passage of the Housing and Community Development Act of 1974.

Thomas Higginbothan, director of compliance and enforcement in the Chicago Regional Office of Equal Opportunity, told the Advisory Committee that he did not agree with the interpretation of many city officials that the Housing and Community Development Act was a bricks and mortar, physical development type of program that would limit the amount of funding for public service programs.

"I think you have to go back again to the basic nature of the legislation, which was to put as many decisions into local hands...as possible," Mr. Higginbothan told the Advisory Committee. "Consequently, the determination as to the split [between funding for physical development and public service programs], whether it is 20 percent or 40 percent, or 50 percent, is up to the local [community]." (pp. 721, 725)

Ruth Featherstone, director of the equal opportunity division of the Detroit Area Office of HUD, told the Advisory Committee that communities were not required to limit the amount or percentage of funding spent on physical development programs or public service programs:

> There is nothing [in the regulations] to indicate what percentage a community should use for any particular type of program. The only thing in the regulations that directly speaks to how the city should use money, that I am really acquainted with, is the tenor of the program supposedly is to insure the provision of services for low-income persons. (p. 722)

Ms. Featherstone went on to tell the Advisory Committee that HUD had no requirements as to how a city should divide up its funds between physical development and public service programs and that those decisions were in the hands of the local community. (p. 726)

When asked if HUD imposed percentage limitations or encouraged cities to limit community development spending for public service programs, Richard Paul, director of the community planning and development division of the Detroit Area Office, told Commission staff in an April 6, 1975, telephone interview that, "While the [1974 Housing and Community Development] Act is biased toward physical development activities, HUD has not imposed percentage limits on community development public service spending by cities nor has it encouraged cities in Michigan to change their levels of planned public service spending."

As a result of increased local authority, Mr. Higginbothan predicted that cities would turn heavily towards physical development programs:

> Just the fact that the legislation leaves certain decisions to local officials and is not prescriptive in terms of social [public service] programs, ...makes me think that a great many of the programs that we will see coming out of the legislation will

> be initially hardware [physical development] programs. (pp. 733, 734)

This is due, Mr. Higginbothan said, to the fact that "traditionally cities have been hardware conscious." (pp. 733, 734)

Regarding the impact of Federal funds on concentrated areas of blight, poverty, or minority concentration, Ms. Featherstone told the Advisory Committee that the Housing and Community Development Act of 1974, "generally speaking" did "not necessarily" increase the impact of the Federal dollar on low income or minority individuals. (p. 745) Although previous programs, such as model cities, required the concentration of funds in areas of the heaviest poverty, the community development legislation allowed cities to take money out of those areas and spend it in other, less blighted, areas of the city.

"It really depends on the leadership of the applicant city as to how the money is spent," Ms. Featherstone said.

> I should think that if they [low-income and minority individuals] learned to use the citizens' participation mechanism properly, they could have some major impact. The city would tend in that instance to put the maximum amount of money into those areas where there is a considerable amount of slums and blight. (p. 745)

If low-income and minority individuals did not wage such a battle, according to Ms. Featherstone, city officials could direct the expenditure of funds to less blighted areas of the city with lower concentrations of poor and minority individuals. (p. 745)

SUMMARY OF PROGRAMMING DECISIONS

The Housing and Community Development Act of 1974 consolidated eight U.S. Department of Housing and Urban Development categorical programs that had together provided communities with funds for physical development and public service projects. One of those eight programs, model cities, shares a number of similarities with the 1974 act.

Both pieces of legislation indicated who was to be benefited by the program: Model cities was to serve "the poor and disadvantaged in...large slum and blighted areas."

Community development was "principally for persons of low and moderate income" and communities were to give "maximum feasible priority to activities which benefit lower-moderate-income families" or to activities "which the applicant certifies and the secretary determines are designed to meet other community development needs having a particular urgency as specifically described in the application."

Both pieces of legislation recognized the need for both physical development and public service programs. Model cities required that programs be "of sufficient magnitude to make a substantial impact on the physical and social problems...arrest blight and decay...and provide educational, health and social services...."

Community development required that programs be designed to "eliminate or prevent slums, blight and deterioration" and "provide community facilities and public improvements, including the provision of supporting health, social, and similar services where necessary and appropriate...."

In order to achieve these two goals, both acts spelled out specific types of programs which could be undertaken with the Federal funding.

Model Cities delineated the following funding categories:

Rebuilding and revitalizing large slum and blighted areas.

Expanding housing, job, and income opportunities.

Reducing dependence on welfare.

Improvement of educational facilities and programs.

Prevention of disease and ill health.

Reducing crime.

Enhancing recreational and cultural opportunities.

Improving transportation between home and job.

Improving living conditions.

Community development delineated the following funding categories:

Eliminate slums, blight, and blighting influences.

Conservation and expansion of housing stock.

Elimination of conditions detrimental to health.

Improving safety and public welfare.

Expanding and improving community services.

More rational utilization of land and natural resources.

Reducing the isolation of income groups.

Preserving Properties having special historic value.

Both pieces of legislation allow local communities to choose from these eligible programs those projects that are necessary to deal with the communities' needs. Model cities legislation stated as a part of its purpose that "cities [are] to plan, develop and carry out locally prepared and scheduled comprehensive...programs...."

Community development legislation called for the local community to "identify community development needs" and to "formulate a program" to meet those needs. The local community was given authority and responsibility for the "development of the application and the execution of its...program."

Even with these similarities the actual program choices made under each act have been quite different. Model cities programs in Michigan were predominantely public service oriented. Approximately 65.5 percent of all model cities funds in Michigan were spent on public service programs. During an average year between 1968-72, Michigan's model cities spent more than $18 million on public service

programs. This expenditure of funds accounted for 27 percent of the total HUD funds available through the eight Federal programs later consolidated under the Housing and Community Development Act of 1974.

Community development programs in Michigan are predominantly physical development oriented and have cut back funding for public service programs. The communities included in this study allocated only 12 percent of their funds for public service programs under the community development act. This figure represents a cut of more than $10 million in public service programming in those communities studied, a reduction of more than 56 percent from funding levels prior to enactment of the community development act.

Model cities and community development also differ in the racial and economic makeup of those benefiting from the Federal funds. Model cities funds were spent in areas of the community with the heaviest concentrations of low-income and minority individuals. Community development funds have been spent on an areawide and sometimes citywide basis. The population receiving the program benefits, thus, includes a larger percentage of nonminority and non-low-income individuals than that served by model cities. In addition, the population served by community development funds is much larger than that served by model cities and as a result the average per family expenditure is smaller under community development.

FINDINGS ON PROGRAM DECISIONS

1. The Michigan Advisory Committee to the U.S. Commission on Civil Rights finds that the enactment of the Housing and Community development Act of 1974 has resulted in a dramatic decline in the amount of HUD funding being used by communities for public service programs (see note 13) of the type commonly funded under model cities. This decline is due to a number of factors including but not limited to:

- Local communities reduced the scope and authority provided to citizens in the citizens' participation process from previous levels under model cities. Under the equal partnership, structured, elected, and financially-supported citizens' participation

of model cities, the major emphasis in every one of Michigan's model cities was public service programming. Under community development, without a joint partnership arrangement, without an organized structure or unit representing citizens, without elected representation, and without financial support, city councils reduced prior levels of public service programming by more than $10 million.

•Even where local citizens were allowed to express their programming preferences in an organized fashion, city councils overrode the citizens' recommendations, and in many cases decreased citizens' recommendations for public service funding and increased funding for physical development. While citizens have placed a high priority on public service programs, city officials have traditionally favored the use of Federal funds for physical development.

•Local city officials have taken advantage of certain aspects of the community development law in order to give the impression that public services programs are to be only minimally funded. Some officials have justified large reductions in public service program budgets by claiming that the law has placed limits on this type of programming. No such limits currently exist in the law and no such limits are being imposed by the U.S. Department of Housing and Urban Development.

2. The Michigan Advisory Committee finds that the enactment of the Housing and Community Development Act of 1974 has resulted in less funding for programs in areas of concentrated slums and blight. In addition, Federal dollars are being spread throughout entire communities at the expense of those individuals living in areas of heaviest blight. The racial and economic makeup of those receiving program benefits indicates that minorities and low-income individuals are receiving fewer benefits under the community development act than they received prior to its enactment:

- Requirements regarding the purpose of the community development act and the individuals it is to benefit have not been adequately defined. Two key phrases requiring that funds be used "principally for persons of low and moderate income" and that communities give "maximum feasible priority to activities which will benefit low-or-moderate income families or aid in the prevention or elimination of slums and blight" could be interpreted by local communities in such a way as to divert large amounts of funding from the poor and minority families having the greatest need.

- The section of the law, section 104(b)(2), allowing cities to fund projects other than those stated in the purpose section of the act subverts the entire purpose of the Housing and Community Development Act.

RECOMMENDATIONS

1. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends to the U.S. Congress and to the U.S. Department of Housing and Urban Development the immediate implementation of those recommendations regarding citizens' participation that appear in this report. It is the firm conviction of the Advisory Committee that the citizens of the community can best determine for themselves the appropriate use of Federal funds available under the Housing and Community Development Act.

2. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends that the Secretary of the U.S. Department of Housing and Urban Development issue a technical assistance bulletin clarifying the distribution of funds between public service and physical development programming. Such a bulletin would eliminate any misinterpretation of the law or any misuse of the language of the law by city officials or citizens regarding requirements on the distribution of funds.

3. The Michigan Advisory Committee to the U.S. Commission on Civil Rights recommends that the Secretary of the U.S. Department of Housing and Urban Development issue a definition of the terms "principally for persons of low and

moderate income," and "maximum feasible priority to activities which will benefit low-or-moderate-income families...." The Advisory Committee recommends that these definitions be submitted for public review and comment prior to their inclusion in the rules and regulations governing the community development act.

4. The Advisory Committee recommends that the U.S. Congress amend the Housing and Community Development Act of 1974, section 104 (b)(2), removing the language that allows communities to use funds for projects other than those benefiting low- and moderate-income families or those that aid in the prevention or elimination of slums or blight.

NOTES TO SECTION IV

[1]42 U.S.C. §3301 (1970).

[2]42 U.S.C. §3303 (1970).

[3]42 U.S.C.A. §5301 (c) (1975).

[4]42 U.S.C.A. §5304 (a) (3) (1975).

[5]Ibid., (b) (2).

[6]42 U.S.C.A. §5305 (a) (1975).

[7]42 U.S.C. §3303 and 42 U.S.C.A. §5304 (a) (3) (1975).

[8]42 U.S.C.A. §5305 (a) (8) (1975).

[9]U.S., Congress, House of Representatives, Committee on Banking and Currency, Compilation of the Housing and Community Development Act of 1974, 93rd Cong., 2d sess., 1974, pp. 303, 361, 620 (hereafter cited as Compilation).

[10]39 Fed. Reg. 40145 (1974).

[11]U.S., Department of Housing and Urban Development, Assurances, OMB No. 63-R1471, 1974.

[12]Compilation, p. 301.

[13]In its study the Michigan Advisory Committee found that various titles have been used to indicate this type of programming, including "software," "community services," "human services," and "support programs." The Advisory Committee has chosen to use the terminology contained in the Housing and Community Development Act, section 105(a)(8) According to the act, "public services" include programs concerned with employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, and recreation. The term "physical development programs," as used in this chapter, is interchangeable with the terminology "hardware programs" which is used in some cities in the State.

[14]This amount reflects amount shown in table 3, line 9, less $69,500 attributable to physical development (housing) programs.

[15]Ann Arbor, Mich., City Council, Second Year Action Plan (1972-1973), p. 31.

[16]Ann Arbor, Mich., City Council, Application for Community Development Revenue Sharing Block Grant (1975), pp. 16-26.

[17]Benton Harbor, Mich., City Council, Community Development Application (1975), p. 1 of Community Development Program Section. Also see: Benton Township, Mich., County Commission, Community Development Application (1975), pp. 13, 14.

[18]This figure is larger than the figure given in table 8 because the city later used additional funds from its "matching grant" category for public service programs.

[19]Detroit, Mich., Common Council, Community Development Application (1975), pp. 1-3, Community Development Program Section.

[20]Flint, Mich., City Council, Community Development Application (1975), pp. 1, 2, Community Development Program Section.

[21]Daniel Boggan, Jr., Flint city manager, letter to U.S. Commission on Civil Rights, Aug. 1, 1975.

[22]Grand Rapids, Mich., City Commission, Application for Federal Assistance Community Development Block Grant Program (1975), pp. 1-8, Community Development Program Section.

[23]Highland Park, Mich., City Council, Application Community Development Block Grant Program (1975), pp. 1-3, Community Development Program Section.

[24]This amount reflects the figures shown in table 16 for categories 9 and 15 less $560,838 for physical development programs included in these categories. See: Lansing, Mich., City Council, Community Development Application (1975), pp. 4-6, Community Development Program Section.

[25]This amount reflects categories 9 and 15 less $144,200 for physical development programs in category 15.

[26]Saginaw, Mich., City Council, Community Development Application (1975), pp. 106, Community Development Program Section and Maps A, B, and C.

[27]This reduction of 9 percent from prior average funding was due to advance funds taken out of first-year entitlements and made available to cities, upon request, prior to the beginning of the program.

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